

9-313A024

#15
NEW NUMBER

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

ROBERT W. ALVORD*
CHARLES T. KAPPLER
JOHN H. DOYLE*
RICHARD N. BAGENSTOS
JAMES C. MARTIN, JR.*

* ALSO ADMITTED IN NEW YORK
* ALSO ADMITTED IN MARYLAND

LAW OFFICES
ALVORD AND ALVORD

200 WORLD CENTER BUILDING

918 SIXTEENTH STREET, N.W.

WASHINGTON, D.C.

20006-2973

(202) 393-2266

OF COUNSEL
URBAN A. LESTER

CABLE ADDRESS
"ALVORD"

TELEX
440367 A AND A

TELEFAX
(202) 393-2156

16601
FEB 10 1990

November 9, 1989 NOV 9 1989-12 30 PM

INTERSTATE COMMERCE COMMISSION

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, DC 20423

Dear Ms. McGee:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two (2) fully executed copies of a Lease of Equipment dated as of October 27, 1989, a primary document as defined in the Commission's Rules for the Recordation of Documents 49 C.F.R. Section 1177.

The names and addresses of the parties to the enclosed document are:

Lessor: DLX Leasing International Co., Ltd.
11-1, Marunouchi 1-chome
Chiyoda-ku
Tokyo 100, Japan

Lessee: Hefribru B.V.
c/o Amsterdam-Rotterdam Bank N.Y.
Foppingadreff 20-22, 1102 BS
Amsterdam, The Netherlands

A description of the railroad equipment covered by the enclosed document is:

Fifteen (15) General Motors SD 60F 3800 HP Diesel
Electric Locomotives bearing CN marks and numbers 5524
through 5534, 5536 through 5538 and 5540.

Also enclosed is a check in the amount of \$15 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Charles T. Kappler

Interstate Commerce Commission
Washington, D.C. 20423

11/9/89

OFFICE OF THE SECRETARY

Charles T. Kappler
Alvord & Alvord
918 16th St. N.W.
Washington, D.C. 20006

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/9/89 at 12:30pm and assigned recordation number(s). 1660/

Sincerely yours,



Noreta R. McGee
Secretary

Enclosure(s)

9-313A024

#15
NEW NUM 13502

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

ROBERT W. ALVORD*
CHARLES T. KAPPLER
JOHN H. DOYLE*
RICHARD N. BAGENSTOS
JAMES C. MARTIN, JR.

*ALSO ADMITTED IN NEW YORK
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RECORDATION NO. FILED 1989

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INTERSTATE COMMERCE COMMISSION

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Washington, DC 20423

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Also enclosed is a check in the amount of \$15 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Charles T. Kappler

Ms. Noreta R. McGee
November 9, 1989
Page 2

Kindly return a stamped copy of the enclosed document to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, NW, Suite 200, Washington, DC 20006.

A short summary of the enclosed primary document to appear in the Commission's Index is:

Lease of Equipment dated as of October 27, 1989 between DLX Leasing International Co., Ltd., Lessor, and Hefribru B.V., Lessee, covering fifteen (15) GM Model SD 60F diesel electric locomotives bearing marks and numbers CN 5524-CN 5534, CN 5536 - CN 5538 and CN 5540.

Very truly yours,


Charles T. Kappler

CTK/skh
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

11/9/89

OFFICE OF THE SECRETARY

Charles T. Kappler
Alvord & Alvord
918 16th St. N.W.
Washington, D.C. 20006

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/9/89 at 12:30pm and assigned recordation number(s). 1660/

Sincerely yours,



Noreta R. McGee
Secretary

Enclosure(s)

16601
RECORDED BY _____ FILED 145

NOV 9 1989 -12 30 PM
INTERSTATE COMMERCE COMMISSION

LEASE OF EQUIPMENT

Between

DLX LEASING INTERNATIONAL CO., LTD.
as Lessor

And

HEFRIBRU B.V.
as Lessee

Dated as of October 27, 1989

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LEASE OF EQUIPMENT

THIS LEASE OF EQUIPMENT is made as of October 27, 1989 between DLX LEASING INTERNATIONAL CO., LTD. (hereinafter called the "Lessor"), a corporation incorporated under the laws of Japan and having an office at 11-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100, Japan and HEFRIBRU B.V. (hereinafter called the "Lessee"), a corporation established under the laws of The Netherlands and having an office at Foppingadreef 20-22, 1102 BS, Amsterdam, The Netherlands.

WHEREAS, on the Delivery Date the Lessor will be the owner of the Units (as hereinafter defined);

WHEREAS, the Lessee desires to lease from the Lessor, and the Lessor desires to lease to the Lessee, all of the Units that are duly delivered and accepted as provided herein at the rentals and upon the terms and conditions hereinafter provided; and

WHEREAS, the Lessee intends that the Operator will use the Units during the term hereof and the Lessor agrees to such usage by the Operator.

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby agrees to lease to the Lessee and the Lessee hereby agrees to lease from the Lessor, for the Term, the Units so delivered and accepted as provided herein, upon the following terms and conditions:

ARTICLE I. INTERPRETATION.

1.1. Definitions. The following terms, whenever used in this Lease and any Schedules hereto, shall have the following meanings, unless the context otherwise requires:

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person.

"Arrears" means the total of all Rents and other moneys, if any, due and owing by the Lessee hereunder, while unpaid.

"Arrears Rate" shall mean the interest rate payable in respect of Arrears as specified in Article XXII hereof.

"Assignment Agreement" means the Purchase Order Assignment dated as of the date hereof between the Lessor and the Operator wherein the Operator has agreed to assign to the Lessor all of Operator's right, title and interest under the Purchase Agreement

(other than those rights retained by the Operator thereunder) with respect to the Units to be delivered thereunder, and the Lessor has agreed to accept such assignment.

"Bank Security Agreement" means the security agreement dated as of the date hereof entered into between the Lessor and the Lender in accordance with the requirements of Section 2.2 hereof and Section 4.1 of the Loan Agreement.

"Business Day" means any day except a Saturday, a Sunday or other day on which banks generally are not open for money market and foreign exchange dealings at their principal offices in each of Toronto, Calgary and Montreal, Canada; Tokyo, Japan; and Amsterdam, The Netherlands.

"Casualty Notice Date" has the meaning set forth therefor in the Lease Supplement.

"Casualty Occurrence" means an event in which any Unit shall be or become lost or stolen or destroyed, irreparably damaged or damaged beyond economic repair in the sole opinion of Lessee, from any cause whatsoever, or taken or requisitioned by condemnation, expropriation or otherwise for a period in excess of one hundred and eighty (180) days during the Term of this Lease or during the storage and redelivery period referred to in Section 18.1.

"Casualty Payment Date" has the meaning set forth in the Lease Supplement.

"Delivery Date" shall mean October 31, 1989.

"Dollar Account" means the Canadian Dollar account (no. 0915858105) of the Lessor with the Lender.

"Dollars" or "\$" means the lawful money of Canada.

"Event of Default" shall have the meaning ascribed thereto in Section 15.1 hereof.

"Guarantee" or "Guaranty" means the guaranty of Amsterdam-Rotterdam Bank N.V. of the Lessee's performance in connection herewith.

"Guarantor" means Amsterdam-Rotterdam Bank N.V., acting through its head office.

"Lease", "this Lease", "herein", "hereof", "hereunder", or other like words shall mean and include this Lease of Equipment together with the Schedules hereto (which form an integral part hereof) and any other agreement supplementary hereto.

"Lease Supplement" means the supplement hereto to be executed and delivered by the Lessee and countersigned by the Lessor on the Delivery Date in respect of the Units pursuant to Section 2.1(a) hereof, substantially in the form of Schedule C attached hereto and any amendment to such supplement.

"Lease Termination Date" means the fourteenth (14th) anniversary of the Delivery Date or any date prior thereto upon which this Lease terminates pursuant to the terms hereof.

"Lender" means Amsterdam-Rotterdam Bank N.V., Tokyo Branch, and its successors and permitted assigns.

"Lessee" has the meaning ascribed thereto in the recitals to this Lease.

"Lessee Unwind Event" has the meaning specified therefor in Section 16.3 hereto.

"Lessor" has the meaning ascribed thereto in the recitals to this Lease.

"Lessor's Cost" means in respect of each Unit \$1,996,315 and in respect of all the Units \$29,944,725.

"Lessor's Liens" has the meaning specified therefor in Section 16.2(a) hereof.

"Lien" means any mortgage, pledge, lien, charge, encumbrance, lease, option, easement, claim, or other security interest of any kind (including any conditional sale or other title retention agreement or other disposition of title).

"Loan" means the loan made by the Lender to the Lessor as contemplated by the Loan Agreement.

"Loan Agreement" means the Loan Agreement dated as of the date hereof between the Lender and the Lessor with respect to the Units, including all attachments thereto as originally executed and delivered as the same may from time to time be amended in accordance with the provisions thereof.

"Manufacturer" means the Diesel Division, General Motors of Canada Limited, a Canadian corporation.

"Net Sale Proceeds" means, in relation to a sale of the Units, the amount actually received by the Lessor from a purchaser of the Units after deducting the Lessor's commercially reasonable expenses in connection with such sale including, without limitation (where applicable), broker's commissions, the Lessor's marketing expenses, legal

costs, storage, insurance, stamp duties (where unavoidable) and registration fees.

"Operative Documents" means each of this Lease, the Lease Supplement, the Loan Agreement, the Assignment Agreement, the Bank Security Agreement, the Guarantee and all documents and instruments and agreements required hereunder or thereunder including all schedules and exhibits thereto.

"Operator" means Canadian National Railway Company, a Canadian corporation.

"Permitted Liens" has the meaning specified therefor in Section 16.2(b) hereof.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Purchase Agreement" means the Memorandum of Agreement dated as of February 3, 1989 between the Manufacturer and the Operator with respect to Order No. C-480 providing, among other things, for the sale by the Manufacturer of the Units to the Operator, as such Purchase Agreement has been amended, modified, and supplemented to the date hereof, but solely as such Purchase Agreement as amended, modified and supplemented, relates to the Units.

"Rent" means amounts payable in Dollars and Yen as set forth with respect to each Rent Payment Date therefor in Schedule B hereto.

"Rent Payment Date" means each March 31 and September 30 during the Term and the fourteenth (14th) Anniversary of the Delivery Date, each being the last day of a Rent Payment Period.

"Rent Payment Period" means the period from the Delivery Date to the initial Rent Payment Date and, thereafter, each succeeding six month period, commencing on the initial Rent Payment Date and ending on the penultimate Rent Payment Date, and the period from such penultimate Rent Payment Date to the last day of the Term.

"Residual Value" means \$1,365,786.31 and ¥195,849,514.

"SLX" means SLX Canada, Inc., a company incorporated under the laws of Canada, and having an office at 1500 Bow Valley Square IV, 250 6th Avenue S.W., Calgary, Alberta, T2P 3H7, Canada.

"Shareholder" means IBJ Leasing Co., Ltd., a Japanese corporation, and the owner of all of the outstanding shares of the Lessor.

"Stipulated Loss Value" means the amounts of Dollars and Yen determined in accordance with Schedule D hereto with respect to the applicable Termination Date on which such payment becomes due hereunder.

"Taxes" means any and all taxes (including without limitation, gross receipts, sales, use, consumption, property, income, franchise, capital, occupational, license, value added, levies, imposts, excise and stamp taxes and customs and other duties), assessments, fees (including, without limitation, documentation, license, filing and registration fees) and charges, of any nature or kind whatsoever, together with any penalties, fines, additions to, tax or interest thereon, however imposed, withheld, levied, or assessed by any country or governmental subdivision thereof or therein or any taxing authority.

"Temporary Alterations" has the meaning ascribed thereto in Section 10.2 hereof.

"Term" means the period commencing on the Delivery Date to and including the Lease Termination Date.

"Termination Date" shall be a date specified as such pursuant to (i) Article XV hereof in respect of any termination thereunder; (ii) Article XVII hereof in respect of any termination thereunder; and (iii) Article XIX in respect of any termination thereunder.

"Termination Value" means the amounts of Dollars and Yen determined in accordance with Schedule E hereto with respect to the applicable Termination Date on which such payment becomes due hereunder.

"Treaty" means the Treaty For the Prevention of Double Taxation and Fiscal Evasion With Respect to Income Taxes between Japan and The Netherlands.

"Unit" means each of the units of equipment described in Schedule A hereto and "Units" accordingly shall be interpreted to include each Unit.

"Unwind Value" means the amount of Dollars and Yen determined in accordance with Schedule F hereto with respect to the applicable Termination Date on which such payment becomes due hereunder.

"Yen" or "¥" means the lawful currency of Japan.

"Yen Account" means the account (no. 0498645) of the Lessor with The Industrial Bank of Japan, Limited, Head Office in Tokyo.

"Yen Equivalent" means the Yen amount resulting from the conversion of a Dollar amount at the exchange rate specified in the Lease Supplement.

1.2. References; Use of Terms. Any reference in this Lease to any act or statute or section thereof shall be deemed to be a reference to such act or statute or section as amended, re-enacted, substituted for or replaced from time to time. Any reference in this Lease to an agreement shall be deemed to be, except as otherwise expressly provided, a reference to such agreement as amended, modified or supplemented from time to time. The Schedules to this Lease shall form an integral part hereof. Where the context permits, any reference to any of the Lessee, the Lessor and the Lender also includes their respective successors and permitted assigns and (where applicable) their servants and agents. Where the context permits, words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all other genders and words importing persons shall include corporations, and vice versa. The headings or sub-headings of Sections to this Lease and the Table of Contents are included for convenience of reference only and shall not in any way affect the interpretation of this Lease.

ARTICLE II. DELIVERY AND ACCEPTANCE OF UNITS; CLOSING; CONDITIONS PRECEDENT.

2.1. Delivery and Acceptance. (a) Subject to the terms and conditions of this Lease and of the Assignment Agreement, the Lessor hereby agrees to lease to the Lessee, and the Lessee hereby agrees to lease from the Lessor, each and every Unit on and from the Delivery Date. The Lessor shall lease each Unit hereunder to the Lessee as of the Delivery Date subject to the execution and satisfaction of all conditions precedent, of the Assignment Agreement and shall confirm the lease of each Unit hereunder by executing and delivering to the Lessor on the Delivery Date the Lease Supplement in the form of Schedule C hereto. The Lessee hereby agrees that the execution and delivery by the Lessee (or its duly appointed agent) of the Lease Supplement shall, without further act, irrevocably constitute acceptance by the Lessee, as of the date of the Delivery Date of the Unit described therein, for all purposes of this Lease.

(b) On the Delivery Date, a Closing shall occur in respect of all the Units. Unless otherwise agreed by the Lessor and the Lessee, the Closing on such Delivery Date shall take place at 11:00 a.m., Tokyo time, at the offices of Anderson, Mori & Rabinowitz at AIU Building, 6th Floor, 1-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan.

(c) Throughout the Term, title to each Unit shall remain vested in the Lessor.

2.2. Conditions Precedent to Lessor's Delivery and Closing Obligations. The obligation of the Lessor to lease the relevant Unit to the Lessee is subject to the fulfillment, to the Lessor's satisfaction, or waiver by the Lessor, of the following conditions precedent and of the conditions precedent contained in the Loan Agreement, the Purchase Agreement and the Assignment Agreement:

(a) Required Conditions. On the Delivery Date, the following statements shall be true and correct:

(i) All representations and warranties of (x) the Lessee set forth herein, (y) the Guarantor set forth in the Guarantee, and (z) the Operator set forth in the Assignment Agreement, are true and accurate on and as of the Delivery Date as though made on and as of the Delivery Date.

(ii) No Event of Default shall have occurred and continue to exist on the Delivery Date.

(iii) All consents, licenses, authorizations or approvals of, or exemptions by, such governmental or other authorities as may be necessary to authorize the execution, delivery and performance of this Lease and the other Operative Documents, and to permit payment and remittance of all payments to be made to the Lessor in such currency or currencies, at such times, at such places and in such manner as provided for under this Lease and the other Operative Documents, shall have been obtained and certified copies delivered to the Lessor.

(iv) No Casualty Occurrence or an event which, with notice or the passage of time shall constitute a Casualty Occurrence, shall have occurred in respect of the Units on or prior to the Delivery Date.

(v) No change shall have occurred after the date of this Lease in applicable law or regulations thereunder or interpretations thereof by appropriate regulatory authorities or any court that, in the reasonable opinion of the Lessor or its counsel, would make it illegal for the Lessor to purchase the Units and lease them to the Lessee pursuant to the Purchase Agreement, the Assignment Agreement and this Lease.

(vi) Title to and ownership of the Units have been conveyed to the Lessor, and the Lessor has good and marketable title to, and ownership of, the Units free and clear of Liens other than Permitted Liens.

(vii) The Lender shall have made available to the Lessor the amount of the Loan specified in the notice given to the

Lender by the Lessor with respect to the Delivery Date pursuant to Section 3.1 of the Loan Agreement.

(viii) All of the conditions precedent to the Lessor's obligations with respect to such Delivery Date as set forth in Section 3.3 of the Loan Agreement shall have been fulfilled to the satisfaction of or waived by the Lessor.

(ix) All actions and proceedings required to be taken as conditions precedent to the Closing, and all documents and other instruments required to be delivered to the Lessor in connection therewith, shall have been approved by the Lessor's counsel as to their form and substance.

(b) Required Documents. On or before the Delivery Date, the following documents shall have been duly authorized, executed and delivered by the respective party or parties thereto, shall be in full force and effect and executed counterparts thereof shall have been delivered to the Lessor:

- (i) this Lease;
- (ii) the Purchase Agreement;
- (iii) the Assignment Agreement;
- (iv) the Loan Agreement;
- (v) the Bank Security Agreement;
- (vi) the Lease Supplement;
- (vii) the Guarantee;
- (viii) the opinions in English, dated as of the Delivery Date, of:
 - (a) McMillan Binch in respect of Canadian law, in form and substance satisfactory to the Lessor; and
 - (b) in-house counsel of the Guarantor in respect of Netherlands law, in form and substance satisfactory to the Lessor;
- (ix) a bill of sale for the Units dated as of the Delivery Date executed by the Manufacturer in favor of the Lessor in accordance with the Purchase Agreement and the Assignment Agreement;

(x) Manufacturer's invoices for the Units delivered on the Delivery Date in an amount equal to the Lessor's Cost for the Units;

(xi) certified copies of the resolutions which were duly adopted by the Lessee authorizing the lease by the Lessee of the Units under this Lease and the execution, delivery and performance by the Lessee of this Lease and the Operative Documents to which it is a party and each other document required to be executed and delivered by the Lessee in accordance with the provisions hereof or thereof, together with a power of attorney or incumbency certificate as to the person or persons authorized to execute and deliver such documents on behalf of the Lessee; and

(xii) such other documents, agreements, certificates and instruments and such evidence with respect to the Lessee, Operator, SLX, the Guarantor and the Manufacturer as the Lessor may reasonably request in order to establish the consummation of the transactions contemplated by this Lease and the other Operative Documents, the taking of all corporate and other proceedings in connection therewith and compliance with the conditions herein or therein set forth.

2.3. Conditions Precedent to Lessee's Delivery and Closing Obligations. The obligation of the Lessee to lease the Units from the Lessor on the Delivery Date is subject to the fulfillment to the Lessee's satisfaction, or waiver by the Lessee, of the following conditions precedent:

(a) Required Conditions. On the Delivery Date, the following statements shall be true and correct:

(i) All representations and warranties of the Lessor set forth herein or in the other Operative Documents to which the Lessor is a party are true and accurate on and as of the Delivery Date as though made on and as of the Delivery Date.

(ii) All consents, licenses, authorizations or approvals of or exemptions by, such governmental or other authorities as may be necessary to authorize the execution, delivery and performance of this Lease and the other Operative Documents shall have been obtained and delivered to the Lessee.

(iii) No change shall have occurred after the date of this Lease in applicable law or regulations thereunder or interpretations thereof by appropriate regulatory authorities or any court that, in the reasonable opinion of the Lessee

or its counsel, would make it illegal for the Lessee to lease the Units from the Lessor pursuant to this Lease.

(iv) There are no threatened or pending actions or proceedings before any court or governmental agency or arbitrator, nor has any order, judgment or decree been issued or proposed to be issued by any court or governmental agency or arbitrator to set aside, restrain, enjoin or prevent the completion and consummation of this Lease or the other Operative Documents or the transactions contemplated hereby and thereby.

(v) No event specified in Section 16.3(i), (ii), (iii), (iv) or (v) hereof has occurred or is continuing in respect of the Lessor or Shareholder.

(b) Required Documents. On or before the Delivery Date, the following documents shall have been duly authorized, executed and delivered by the respective party or parties thereto, shall be in full force and effect and executed counterparts thereof shall have been delivered to the Lessee:

(i) this Lease;

(ii) the Purchase Agreement;

(iii) the Assignment Agreement;

(iv) the Lease Supplement;

(v) the Guarantee;

(vi) the legal opinion in English of Japanese counsel to the Lessor in form and substance satisfactory to the Lessee and dated as of the Delivery Date;

(vii) a certified copy of the Commercial Register of Japan of the Lessor evidencing the persons authorized to sign on behalf of the Lessor and, if this Lease and the other Operative Documents to which the Lessor is a party are not executed by a person whose authorization is so registered, power(s) of attorney as to the person or persons authorized to execute and deliver such documents on behalf of the Lessor;

(viii) the resolutions of the board of directors of the Lessor certified as of or reasonably prior to the Delivery Date by a representative director of the Lessor (or his attorney-in-fact), duly authorizing the lease by the Lessor of the Units under this Lease and the execution and delivery of the Operative Documents to which it is a party and a

copy of the Articles of Incorporation of the Lessor, certified as of or reasonably prior to the Delivery Date by a duly authorized representative director of the Lessor (or his attorney-in-fact), together with all amendments and supplements thereto; and

(ix) the Lessee shall have received such other documents, agreements, certificates and instruments and such additional evidence with respect to the Lessor as the Lessee or its counsel may reasonably request in order to effectuate, or to confirm the consummation of, the transactions contemplated by this Lease and the other Operative Documents, the taking of all necessary proceedings in connection therewith and compliance with the conditions herein or therein set forth.

ARTICLE III. RENTALS.

3.1. Payment of Rents. From and after the Delivery Date, the Lessee shall pay to the Lessor Rent for the Units subject to this Lease for each Rent Payment Period on the relevant Rent Payment Date, as set forth in Schedule B hereto, together with the other applicable payments herein provided. All amounts of Rent payable in Dollars shall be paid to the Dollar Account and all amounts of Rent payable in Yen shall be paid to the Yen Account.

3.2. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement, reduction or set-off against payments hereunder including, but not limited to, abatement, reductions or set-offs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in the title, condition, operation or fitness for use of, or any damage to or loss of the possession or loss of use of or destruction of all or any of the Units from whatsoever cause, the prohibition of or other restriction against, use of all or any of the Units by the Lessee or any other person, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease or any other document or instrument, any breach, fundamental or otherwise, by the Lessor of any representations, warranties or covenants of the Lessor contained herein, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Rent payments and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. The foregoing shall not prevent

the Lessee from pursuing any claims it may have against the Lessor or any third party in court.

3.3. Payment On Business Days. Whenever any payment of Rent or Residual Value shall be stated to be due on a day which is not a Business Day, the due date therefor shall be the immediately preceding Business Day and the amount to be paid on such date shall not be changed thereby. Whenever any other amount hereunder shall become due on a date which is not a Business Day, the due date therefor shall be the immediately succeeding Business Day.

ARTICLE IV. IDENTIFICATION MARKS; REGISTRATION.

4.1. Identification. The Lessee shall cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto. The Lessee shall not change or permit to be changed the identifying number of any Unit except in accordance with a statement of new identifying numbers to be substituted therefor, which statement shall be promptly notified to the Lessor by the Lessee.

4.2. Other Marks. Except as above provided, the Lessee shall not allow the name of any person, association or corporation to be placed on the Units as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Units to be lettered with the names or initials or other insignia customarily used by the Operator on equipment used by it of the same or a similar type, for convenience of identification of its rights to use the Units as contemplated hereunder.

4.3. Filings for Units. The Lessee shall maintain such records as shall be required from time to time by any applicable regulatory agency or any AAR railroad interchange agreement or rule. The Lessee shall, at its own expense, cause this Lease and any assignment hereof to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. Section 11303 and deposited with the Registrar General of Canada (with notice of such deposit to be given forthwith in the Canada Gazette) pursuant to Section 90 of the Railway Act of Canada. The Lessee will promptly furnish to the Lessor evidence of all such filing, registering, depositing and recording.

ARTICLE V. TAXES.

5.1. General Tax Indemnity. The Lessee agrees to pay and to indemnify and hold the Lessor harmless from, on an after-tax basis, all Taxes imposed, levied or assessed by any government or any taxing authority in any country as a result of the operation, possession or use of any Unit by or through the Lessee, SLX, the Operator or any of their respective Affiliates in such country against such Unit or upon or measured by any interest therein, or upon or with respect to the purchase, ownership, delivery, leasing or possession thereof

by the Lessor, or upon or with respect to the use, possession or operation thereof by the Lessee, or on account of or measured by the rentals, earnings or gross receipts arising pursuant to this Lease (including any payment or indemnity under this Lease), provided that the Lessee shall not be required to pay the same (or any amount by way of indemnity to the Lessor or otherwise pursuant to this Section) if and so long as it shall in good faith and with due diligence and by appropriate legal or administrative proceedings contest the validity, applicability or amount thereof (but only so long as such proceedings shall stay the collection thereof and shall not involve any risk of the sale, forfeiture or loss of any Unit or any interest therein). Lessee agrees not to use or, operate the Units in Japan or to transport the Units to Japan, except with the prior written approval of the Lessor.

5.2. Exceptions To General Tax Indemnity. Notwithstanding the provisions of Section 5.1 (but so long as the Lessee complies with the provisions of the last sentence thereof), the Lessee shall have no obligation thereunder as to:

- (i) any Taxes on, based on or measured by the net income of the Lessor imposed by any government, taxing authority or governmental subdivision of any country (including Japan);
- (ii) any Taxes which are required to be deducted or withheld by the Lessee from any payment made to or on behalf of the Lessor under this Lease (such Taxes being indemnified solely pursuant to the provisions of Section 5.3 hereof).

5.3. Withholding Tax Indemnity. (a) General. If any Taxes are required to be deducted or withheld by the Lessee from any payment made to or on behalf of the Lessor under this Lease, then the Lessee shall pay to the Lessor as an indemnity such additional amounts as may be necessary in order that the net amount of such payment received on the date of such payment, after deduction or withholding for all such Taxes, will be equal to the amount that would have been received if such Taxes had not been deducted or withheld.

(b) Certain Exceptions. Without in any way limiting the provisions of Section 5.2(i), the parties agree that the provisions of Section 5.1 and Section 5.3(a) shall not apply to, and the Lessee shall have no indemnity liability to the Lessor or any other Person thereunder with respect to, Taxes excluded under any of the following provisions, whether or not such Taxes fail to be excluded under any of the other provisions of this Section 5.3(b):

- (i) Taxes which are imposed by any country or any taxing authority or governmental subdivision thereof or therein or any international authority (except for those in Japan if the Lessee violates the provision in the last

sentence of Section 5.1 or) except to the extent that such Taxes would have been imposed had the transactions contemplated by this Lease and the other Operative Documents to which the Lessor is a party been the sole connection between such country, taxing authority, governmental subdivision or international authority and the Lessor;

(ii) Taxes to the extent such Taxes exceed the amount of Taxes which would have been imposed and indemnified against had there not been a sale, assignment, transfer or other disposition (whether voluntary or involuntary) (x) by the Lessor of any interest of the Lessor in any Unit (other than a transfer by the Lessor resulting from the exercise of any remedies provided for in Section 15.2 hereof in connection with an Event of Default that has occurred), or (y) resulting from the termination of this Lease pursuant to Article VI, XVII or XIX hereof;

(iii) Taxes to the extent incurred in respect of events occurring after the earliest to occur of any of the following events (unless they are attributable to a condition or event occurring at or before the occurrence of the earliest to occur of the following events): (i) the purchase of the Units by the Lessee or by a third party pursuant to the terms of Article XVII or XIX hereof; or (ii) the termination of the Lease with respect to one or more of the Units in accordance with Section 6.1 hereof following a Casualty Occurrence with respect to such Unit(s);

(iv) Taxes which result from the willful misconduct or gross negligence of the Lessor or acts of the Lessor not permitted or contemplated by the Operative Documents; or

(v) Taxes which result from the breach by the Lessor of any of its representations, warranties or covenants contained in this Lease.

(c) Certain Agreements. (i) The Lessee further agrees that with respect to any payment or indemnity to the Lessor under this Section 5.3, the Lessee's indemnity obligations shall include an amount necessary to hold the Lessor harmless on a net after-tax basis from all Taxes required to be paid by the Lessor with respect to such payment or indemnity (including any payment by the Lessor of any Taxes which are the subject of such payment or indemnity).

(ii) If (1) any Taxes are required to be deducted or withheld by the Lessee from any payment made to the Lessor under the Lease, (2) as a result, the Lessee pays an indemnity to the Lessor pursuant to Section 5.3(a) and (3) the Lessor actually claims (or would be able to claim were it to take such action as it is required to take by this paragraph) a credit for such Taxes against, or the Lessor actually

obtains (or would be able to obtain were it to take such action as it is required to take by this paragraph) relief (whether by deduction or otherwise) from, any Taxes payable by the Lessor then the Lessor shall, promptly after the Lessor realizes (or would realize were it to take such action as it is required to take by this paragraph) the benefit of such credit or relief (but not before the Lessee shall have made all payments or indemnities for which such benefit is realized to the Lessor as required pursuant hereto), pay to the Lessee an amount which, after subtraction of any further Tax savings the Lessor realizes (or would realize were it to take such action as it is required to take by this paragraph) as a result of the payment thereof, is equal to the amount of such credit or relief. The Lessor shall in good faith use reasonable efforts in filing its Tax returns and in dealing with the taxing authorities to seek and claim any such credit or relief and to minimize the Taxes payable or indemnifiable by the Lessee under this Section 5.3.

(d) Exception for Kumiai-in. Notwithstanding any other provision of this Article V, the parties agree that the provisions of Section 5.3 hereof shall not apply to, and the Lessee shall have no indemnity liability to any company organized under the laws of Japan (each such company a "Kumiai-in") which enters into a tokumei kumiai (as such term is described in the Commercial Code of Japan (Law No. 48 of 1899, as amended) including without limitation Articles 535 through 542 thereof; a "Tokumei Kumiai") arrangement or agreement (each a "Tokumei Kumiai Agreement") with the Lessor with respect to, Taxes which are imposed by any country or any taxing authority or governmental subdivision thereof or therein or any international authority (except for those in Japan if the Lessee violates the provision in the last sentence of Section 5.1 or) except to the extent that such Taxes would have been imposed had the transactions contemplated by this Lease and the other Operative Documents to which the Lessor is a party been the sole connection between such country, taxing authority, governmental subdivision or international authority and the Lessor.

5.4. Payment and Contest. (a) Any amount owed by the Lessee pursuant to Section 5.1 or, in the case of a contest, Section 5.3, shall be paid to or on behalf of the Lessor or, if so directed by the Lessor, directly to the relevant taxing authority, within seven (7) days after receipt by the Lessee of a written demand therefor from the Lessor accompanied by a written statement describing in reasonable detail the Taxes which are the subject of and basis for such payment or indemnity and the computation of the amount so payable (which written statement shall, at the Lessee's request, be verified by the independent accountants for the Lessor, at the Lessee's expense unless such independent accountants determine that the amount payable by the Lessee is materially less than that shown in such written statement, in which case such verification shall be at the expense of the Lessor), but not prior to the earlier of (1) the payment of such Taxes (other than with funds advanced by the

Lessee pursuant to Section 5.4(b)) or the due date of such Taxes (including all extensions of such due date), as the case may be or (2) in the case of amounts which are being contested pursuant to Section 5.4(b), the time such contest (including appeals, if any) is finally resolved.

(b) If a claim is made in writing against the Lessor (whether on audit or otherwise) for any Taxes which the Lessee is required to pay or indemnify against pursuant to Section 5.1 or 5.3, the Lessor shall promptly notify the Lessee in writing. If reasonably requested by the Lessee in writing within 45 days after receipt by the Lessee of a notice described in the preceding sentence, and, if required or appropriate to prosecute such contest, the Lessor shall in good faith diligently contest (including pursuing all administrative and judicial appeals) in the name of the Lessor or, if requested by the Lessee and to the extent permissible by law, contest in the name of the Lessee (or permit the Lessee, if requested by the Lessee and to the extent permissible by law, to contest in the name of the Lessee or the Lessor) the validity, applicability or amount of such Taxes.

5.5. Returns, Statements, etc. The Lessor hereby covenants that it shall honor all reasonable requests from the Lessee to file, or to provide the Lessee with, such returns, statements or other documentation executed by the Lessor in such form and with such substance as in the reasonable opinion of the Lessee shall enable the Lessor, or the Lessee, to claim a reduced rate of Tax or exemption from Tax with respect to any Taxes subject to payment or indemnification by the Lessee under Section 5.1 or 5.3.

5.6. Continuance of Lease. In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any Taxes pursuant to this Article V, such liability shall continue, notwithstanding the expiration of this Lease, until all such Taxes are paid or reimbursed by the Lessee.

ARTICLE VI. PAYMENT FOR CASUALTY OCCURRENCES.

6.1. In the event that a Casualty Occurrence has occurred in respect of any Unit during the Term, the Lessee shall, by the Casualty Notice Date following such occurrence, give the Lessor written notice of its election, to, and shall, either (a) substitute such Unit with a replacement Unit (the "Replacement Unit") not later than the Casualty Payment Date following such Casualty Notice Date in the manner and subject to the terms of Section 6.2 or (b) pay to the Lessor on such Casualty Payment Date the Stipulated Loss Value in respect of such Unit as of such Casualty Payment Date together with Rent due and payable on such date and any and all other amounts due and payable to the Lessor hereunder. If the Lessee elects to pay under subparagraph (b) of the preceding sentence, the Lessor shall, upon request by the Lessee, after payment by the Lessee of the amounts described in the preceding sentence, deliver to or upon

the order of the Lessee a bill of sale for each such Unit executed by the Lessor providing for the sale and transfer to Lessee of all of the Lessor's right, title and interest in and to such Units free and clear of all Lessor's Liens (but without any other recourse, representations or warranties), and such other documents as may reasonably be required in order to transfer to the Lessee such title to such Unit as the Lessor received upon acquiring such Unit, free and clear of all Lessor's Liens.

6.2. Substitution of Unit. The Lessee shall be entitled to substitute any Unit pursuant to Section 6.1 if it is permissible for the Lessor under Japanese tax law not to realize any taxable gain from such substitution and the Lessor would have the same or better tax treatment under Japanese tax law as would have been applicable to the Unit so substituted in the absence of such substitution so that the same payment schedules hereunder and the same anticipated after-tax yield of the Lessor and the Kumiai-in would be maintained and preserved. If it is not so permissible or if the Lessor would not have such tax treatment, the Lessor and the Lessee shall consult in good faith with a view to structuring such substitution in a manner that it does not create any material adverse consequences for the Lessor and in a manner permissible under Japanese law; provided that in the case of such substitution the Lessee will be required to provide to the Lessor an indemnity satisfactory to the Lessor, or the Lessor will recompute the amounts of Rent, Stipulated Loss Value, Termination Value and Unwind Value and any other amount required with respect to the Replacement Unit and make other adjustments with respect to the transactions contemplated by this Agreement and the other Operative Documents so as to preserve the anticipated after-tax yield of the Lessor and the Kumiai-in from the transactions contemplated hereby, using such information as will be supplied by the Lessee with respect to the Replacement Unit and based upon the same assumptions and bases as the Lessor used originally to calculate such amounts on the date hereof.

In the event of a substitution of a Unit pursuant to Section 6.1 and this Section 6.2, the Lessee shall convey or cause to be conveyed to the Lessor, and the Lessor shall lease to the Lessee hereunder, the proposed replacement Unit (which need not be a new Replacement Unit), such Replacement Unit to be free and clear of all Liens other than Permitted Liens and to have a value and utility at least equal to, and to be in as good operating condition as, the Unit so replaced (assuming the Unit was in the condition and repair required by the terms of this Lease) and the Lessee shall, in connection with such replacement:

- (i) furnish the Lessor with a bill or bills of sale conveying to Lessor the Replacement Unit or Units free of Liens other than Permitted Liens;

(ii) cause a Lease Supplement substantially in the form of Schedule C hereto, evidencing the lease of the Replacement Unit and incorporating by reference all the terms and provisions of this Lease, duly executed by the Lessee, to be delivered to the Lessor for execution (and the Lessor shall promptly execute such Lease Supplement);

(iii) take such other actions and furnish such other certificates and documents as the Lessor may reasonably require in order to assure that the Replacement Unit is duly and properly conveyed to the Lessor and leased to the same extent as the Unit replaced thereby and leased hereunder.

Upon the delivery of the Lease Supplement and the bill of sale covering the Replacement Unit to the Lessor, (x) the Lessor shall, without recourse or warranty (except as to Lessor's Liens) and without further act, transfer to the Lessee all of the Lessor's right, title and interest, if any, in and to the replaced Unit and shall, at the Lessee's expense, execute and deliver a bill of sale for each such Unit executed by the Lessor providing for the sale and transfer to Lessee of all of the Lessor's right, title and interest in and to such Units free and clear of all Lessor's Liens (but without any other recourse, representations or warranties), and such other documents as may reasonably be required in order to transfer to the Lessee such title to such Unit as the Lessor received upon acquiring such Unit, free and clear of all Lessor's Liens, all in as-is where-is condition free, (y) any insurance proceeds of such Units shall be paid over to or retained by the Lessee, and (z) the Lessor shall assign to the Lessee all claims against third persons for damage relating to such Unit arising from the Casualty Occurrence. During the period between the occurrence of the Casualty Occurrence and the date of the replacement of the Unit, the obligation of the Lessee to pay Rent shall continue unchanged, except that upon such replacement, it shall become an obligation to pay such Rent in respect of the Units and the Replacement Unit but not in respect of the Unit replaced. For all purposes hereof, upon delivery of such Lease Supplement and bill or bills of sale covering the Replacement Unit to the Lessor, such Replacement Unit shall be leased hereunder and the Replacement Unit shall be a Unit as defined herein to the same extent as the Unit replaced thereby.

ARTICLE VII. WAIVERS AND DISCLAIMER OF WARRANTIES.

7.1. Discharge. The Lessee acknowledges that neither the Lessor nor its employees or agents is a manufacturer, dealer or distributor of the Units, or expert with respect thereto, that the Manufacturer is not, and has not been, an agent of the Lessor with respect to the Units, and, accordingly, the Lessee without prejudice to any rights which the Lessee may have against the Manufacturer or others, and subject as provided in Section 12.1, hereby releases and

forever discharges the Lessor from any and all actions, causes of action, debts, damages, costs, expenses, claims, demands, rights or defences which, at any time now or hereafter may arise out of or in relation to the Units. The Lessee acknowledges that the Lessee has made or shall in fact make all appropriate and prudent studies in connection with the selection of the Units and all the tests and inspections thereof, as would a careful and prudent purchaser. As to all matters of selection, design, patenting, industrial design, trade marks, construction, condition, safety, suitability, fitness, capacity, performance, durability of the Units and all matters whatsoever with respect to the acceptability of the Units, the Lessee shall look only to, and shall rely solely upon the Manufacturer or others, and not to or upon the Lessor or the Lessor's employees or agents.

7.2. Lessor Responsibility Limited. The Lessor shall have no responsibility or liability under this Lease to the Lessee or any other person with respect to: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any inadequacy of any Units or deficiency or defect therein; or (ii) the delivery, servicing, maintenance, repair, improvement or replacement of any Units. The execution and delivery of the Lease Supplement shall be conclusive evidence as between the Lessee and the Lessor that all Units are in all the foregoing respects satisfactory to the Lessee, and the Lessee shall not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

7.3. No Representations. The Lessee acknowledges and agrees that, except to the limited extent otherwise provided herein, there are and will be no agreements, representations, warranties or conditions, expressed or implied, oral or written, legal, equitable, statutory, conventional, collateral or otherwise, on the part of the Lessor respecting or in connection with the Units and that the Lessor has undertaken this transaction strictly in reliance upon the terms, conditions and provisions of this Article VII. Without limiting the generality of the foregoing, the Lessee agrees that any latent defects in or any failure of the Units shall be conclusively deemed not to be or to constitute a fundamental or other breach hereof by the Lessor, or a failure of performance or consideration hereunder on the part of the Lessor.

THE REPRESENTATIONS AND WARRANTIES OF THE LESSOR SET FORTH IN SECTION 8.1 ARE EXCLUSIVE AND IN LIEU OF ALL OTHER REPRESENTATIONS OR WARRANTIES OF THE LESSOR, WHETHER STATUTORY, WRITTEN, ORAL, OR IMPLIED, AND THE LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE, NOR SHALL IT BE DEEMED BY VIRTUE OF HAVING LEASED THE UNITS PURSUANT TO THIS LEASE TO HAVE MADE ANY REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, DURABILITY, OPERATING FITNESS, FITNESS FOR A PARTICULAR PURPOSE, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE UNITS.

ARTICLE VIII. LESSOR'S REPRESENTATIONS, WARRANTIES AND COVENANTS.

8.1. The Lessor represents, warrants and covenants to Lessee as follows:

(a) it and the Shareholder are each duly organized and existing under Japanese law as corporations, and the Lessor is a wholly owned direct subsidiary of the Shareholder;

(b) except as may be otherwise required by law, (i) it will continue to be a wholly-owned direct subsidiary of the Shareholder; (ii) it will limit its business exclusively to the transactions contemplated by the Operative Documents for the duration of the Term; and (iii) it has not entered into and will not enter into any contract or agreement with any Person and has not created or incurred and will not otherwise create or incur any liability to any Person, other than as provided for, or contemplated by, the Operative Documents, or other than such contracts or agreements as may be necessary in the ordinary course of the Lessor's business (as such business is limited exclusively to the transactions contemplated hereby and by the other Operative Documents) and such liabilities with respect to taxes, ordinary operation costs and overhead expenses as may arise in the ordinary course of business (as such business is limited exclusively to the transactions contemplated hereby and by the other Operative Documents);

(c) it has duly authorized by all necessary corporate action the execution, delivery and performance of this Lease and the other Operative Documents to which it is a party, has duly executed and delivered this Lease and the other Operative Documents to which it is a party, and each of this Lease and the other Operative Documents executed by it constitutes (and in the case of the Bank Security Agreement, when effected and perfected pursuant to Articles 363 and 364 of the Japanese Civil Code, will constitute) a legal, valid and binding obligation of the Lessor enforceable against it in accordance with their respective terms, except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(d) neither the execution and delivery by the Lessor of this Lease or the other Operative Documents to which it is a party, nor the consummation by the Lessor of any of the transactions contemplated hereby or thereby, nor compliance by the Lessor with any of the terms and provisions hereof and thereof, (A) requires any approval of any Kumiai-in, or approval or consent of any holders of any indebtedness or obligations of the Lessor, or (B) violates any term or provision of its Articles of Incorporation, or contravenes any provision of, constitutes a default under, or results in any breach of, or

in the creation of any Lien (other than as provided for or permitted under the Operative Documents) upon its property under, any agreement or instrument to which it is a party or by which it is bound or (C) contravenes any law, judgment, governmental rule, regulation or order binding on the Lessor;

(e) there are no pending or, to the Lessor's knowledge, threatened actions or proceedings before any court or administrative agency or arbitrator which would materially adversely affect the ability of the Lessor to perform its obligations under this Lease or any of the other Operative Documents;

(f) no consent, approval, order or authorization of, giving of notice to, or registration with, or taking of any other action in respect of, any Japanese governmental authority or agency (except for routine filings made in the ordinary course of business) is required for the execution and delivery by the Lessor of, or the performance by the Lessor of its obligations in respect of, any of the transactions contemplated by this Lease or any of the other Operative Documents;

(g) on the Delivery Date, the Lessor will have acquired whatever title to the Units was conveyed to it free of any Lessor's Liens;

(h) it has not by affirmative act conveyed title to the Units to any Person or subjected such Units to any Lessor's Lien other than as contemplated or permitted under the Operative Documents;

(i) the Lessor is, and will be, throughout the Term, a resident of Japan within the meaning of Article 4 of the Treaty; and

(j) except as provided for under, or contemplated by, the Operative Documents, it has not granted or otherwise created, and will not grant or otherwise create, any consensual lien on any assets of the Lessor in favor of any Person or file or by affirmative act consent to the filing of any lien on the Units or, so long as the Lessee is not in default hereunder, any of the Lessee's assets.

ARTICLE IX. LESSEE'S REPRESENTATIONS AND WARRANTIES.

9.1. Representations. The Lessee represents and warrants as follows:

(a) the Lessee is a duly incorporated and validly subsisting corporation under the laws of The Netherlands, with full corporate power and authority to own its properties and to carry on its business as presently conducted and to enter into and perform its obligations under this Lease and any other Operative Documents to which it is a party;

(b) this Lease and any other Operative Documents to which it is a party have been duly authorized, executed and delivered by the Lessee and assuming such documents are legal, valid and binding under the laws of the Province of Ontario, Canada, they constitute legal, valid and binding obligations of the Lessee enforceable in accordance with their respective terms;

(c) no approval is required from any public regulatory body with respect to the entering into or performance by the Lessee of this Lease or any other Operative Documents to which it is a party, or if any such approval is required, it has been properly obtained;

(d) the entering into and performance of this Lease and any other Operative Documents to which it is a party will not result in any breach of, or constitute a default under any indenture, mortgage, deed of trust, loan or credit agreement or other agreement or instrument to which the Lessee is a party or by which it may be bound, or contravene any provision of law, statute, rule or regulation to which the Lessee is subject, or any judgment, decree, franchise, order or permit applicable to the Lessee;

(e) there are no actions, suits or proceedings pending or, to the knowledge of the Lessee, threatened against the Lessee or its properties or affecting this Lease or any other Operative Documents to which it is a party or the transactions contemplated hereby or thereby which could, if adversely determined, materially and adversely affect the carrying out of such transactions; and

(f) neither the execution and delivery by the Lessee of this Lease or the other Operative Documents to which it is a party, nor the consummation by the Lessee of any of the transactions contemplated hereby or thereby, nor compliance by the Lessee with any of the terms and provisions hereof and thereof, (A) requires any approval of its shareholders, or approval or consent of any holders of any indebtedness or obligations of the Lessee, or (B) violates any term or provision of its Articles of Incorporation or contravenes any provisions of, constitutes a default under, or will result in any breach of, or in the creation of any Lien (other than as provided for or permitted under the Operative Documents) upon its property under, any agreement or instrument to which it is a party or by which it is bound or (C) contravenes any law, judgment, governmental rule, regulation or order binding on the Lessee.

ARTICLE X. MAINTENANCE; ALTERATIONS; INSPECTIONS.

10.1. General Maintenance Obligation. The Lessee shall, at its own cost and expense, maintain and repair each Unit to a standard at least equal to that of the remainder of the fleet of locomotives of similar age and type maintained by the Operator, and, at a minimum, in accordance with the manufacturer's specifications and the minimum standards for operation as dictated by the National Transportation

Agency and other Canadian governmental authorities having jurisdiction with respect thereto and/or Federal Railroad Administration rules.

10.2. Alterations and Temporary Alterations. The Lessee may, at its expense and without the prior consent of or notice to the Lessor, make any alteration, improvement or addition to any of the Units as it may deem desirable in the proper operation of its business provided that such alteration, improvement or addition shall not materially impair the continuing use of such Units. Any and all additions to any Unit and any and all parts installed on or replacements made to any Unit or any part thereof shall be considered accessions to such Unit (except such as are (i) not required by laws referred to in Section 14.1, (ii) not replacements or substitutions of existing parts or equipment rather than additions thereto, and (iii) readily removable without material damage thereto and without diminishing the value of or impairing the originally intended function or use of, such Unit (hereinafter called "Temporary Alterations")), and ownership of such accessions (except as aforesaid) free of any lien, charge, security interest or encumbrance (other than Permitted Liens) shall immediately be vested in the Lessor. The Lessor and the Lessee recognize that Temporary Alterations may be made to any of the Units and may be owned by the Lessee and may be financed by persons other than the Lessee. Upon termination of this Lease, the Lessee may, and, at the request of the Lessor, shall at the Lessee's sole cost and expense, remove the Temporary Alterations from the Units and shall restore the Units to satisfactory operating condition and to their original physical condition at the time of delivery thereof to the Lessee hereunder, ordinary wear and tear excepted. Ownership of any Temporary Alterations not so removed by the Lessee shall pass to and vest in the Lessor.

10.3. Inspection. The Lessor shall have the right (but no obligation), upon reasonable notice to the Lessee and at the Lessor's sole cost and expense, by its authorized representatives, to inspect the Units at all reasonable times at such location or locations designated by the Lessee, to view the state and condition of the Units and to confirm to the Lessor the existence and proper maintenance thereof during the continuance of this Lease; provided, however, that the Lessee shall not be liable, except in the case of gross negligence of the Lessee or of its employees or agents, for any damage, injury to, or the death of any persons exercising on behalf of the Lessor the rights of inspection granted hereunder.

ARTICLE XI. FINANCIAL REPORTS.

11.1. Financial Reports. The Lessee will furnish to Lessor, in respect of the Operator, a statement of profit and loss and of surplus for each fiscal year, and a balance sheet prepared as of the end of such year. These statements of the Operator will be furnished in reasonable detail within the later of (i) thirty (30) days of the

tabling in the House of Commons of the annual report of the Operator and (ii) ninety (90) days after the end of the applicable fiscal year of the Operator.

ARTICLE XII. INDEMNIFICATION

12.1. General Indemnity. The Lessee agrees to indemnify and save harmless the Lessor against any charge or claim made against the Lessor, and against any expense, loss or liability (including but not limited to solicitors' fees and expenses, patent liabilities, penalties and interest) which the Lessor may incur in any manner by reason of entering into or of the performance of this Lease or any other Operative Document to which it is a party or by reason of the ownership of any Unit, or which may arise in any manner out of or as the result of the ordering, acquisition, use, operation, maintenance, condition, purchase, delivery, transshipment, rejection, storage or return of any Unit under this Lease or the occurrence of any Event of Default hereunder or any event which with the giving of notice, or lapse of time, or both, would become an Event of Default. The Lessee further agrees to indemnify and save harmless the Lessor against any charge, claim, expense, loss or liability on account of any accident in connection with the operation, use, condition, possession or storage of any Unit resulting in damage to property or injury or death to any person; provided, however, that the Lessee shall not be required to indemnify the Lessor under this Section 12.1 for negligence on the part of the Lessor, its employees and agents. The indemnities arising under this Section 12.1 shall survive payment of all other obligations under this Lease, the sale, assignment, transfer or other disposition of this Lease or any of the Units by the Lessor, and the termination of this Lease. Anything herein to the contrary notwithstanding, the Lessee shall not be obligated to indemnify under this Section 12.1 in respect of any charge, claim, expense, loss or liability attributable to an event occurring with respect to a Unit after such Unit shall have been returned to the Lessor pursuant to the provisions hereof; provided, however, that such charge, claim, expense, loss or liability does not arise as a result of mechanical defects of such Unit which existed at the time such Unit was so returned or at the time this Lease with respect to such Unit terminated. In case any action, suit or proceeding is brought against the Lessor in connection with any claim indemnified against hereunder, the Lessee may, and upon the request of the Lessor shall, at the Lessee's expense, resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee and acceptable to the Lessor and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and expenses (including, without limitation, solicitors' fees and expenses) as incurred by the Lessor in connection with such action, suit or proceeding.

12.2. Subrogation Following Indemnity. Upon the payment in full of any indemnities as contained in Section 12.1 by the Lessee,

and provided that no Event of Default (or other event which with lapse of time or notice, or both, would constitute an Event of Default) shall have occurred and be continuing, (i) the Lessee shall be subrogated to any right of the Lessor in respect of the matters against which indemnity has been given and (ii) any payments received by the Lessor from any person (except the Lessee) as a result of any matter with respect to which the Lessor has been indemnified by the Lessee pursuant to Section 12.1 shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made in respect of such matter.

ARTICLE XIII. INSURANCE

13.1. Maintenance of Insurance. The Lessee shall at all times during the Term maintain casualty insurance and liability insurance (including public liability and property damage insurance) with respect to the Units against risks customarily insured against in the industry. All applicable insurance policies will be carried with insurers of recognized responsibility and will contain other provisions which are standard in the Lessor's international lease transactions including acceptable loss payee and breach of warranty provisions. Notwithstanding the above, self insurance by the Operator of the Units will constitute compliance with these provisions, so long as the Operator's credit rating remains at or above A as rated by Standard & Poor's or Moody's.

ARTICLE XIV. ADDITIONAL COVENANTS OF THE LESSEE

14.1. Compliance With Laws. The Lessee shall comply in all respects with all laws of the jurisdictions in which the Units may be operated and the Lessee shall and does hereby indemnify the Lessor and agrees to hold the Lessor harmless from and against any and all liability that may arise from any infringement or violation of any such laws by the Lessee, SLX or the Operator, or their respective employees, or any other person. In the event that such laws require alteration of the Units or in case any equipment or appliance on any such Unit shall be required to be changed or replaced, or in any case any additional or other equipment or appliance is required to be installed on such Unit in order to comply with such laws, the Lessee agrees to make such alterations, changes, additions and replacements at its own expense; and the Lessee agrees at its own expense to use, maintain and operate such Unit, or to cause such Unit to be used, maintained and operated, in full compliance with such laws, so long as it is subject to this Lease; provided, however, that the Lessee may, in good faith, contest with due diligence by appropriate legal proceedings the validity or application of any such law in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property rights of the Lessor hereunder.

ARTICLE XV. DEFAULT AND ENFORCEMENT

15.1. Events of Default. The following events shall constitute "Events of Default" hereunder:

(a) default shall be made in the payment of any part of the Rent provided herein or any payment in respect of Casualty Occurrences and such default shall continue for a period of five (5) Business Days after written notice from the Lessor;

(b) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or transfer of possession of any of the Units, whether by way of sublease or other agreement, except as expressly permitted hereunder;

(c) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein, or on the part of the Guarantor under the Guarantee, and such default shall continue for thirty (30) days after written notice from the Lessor specifying the default and demanding that the same be remedied;

(d) any material representation or warranty of the Lessee set forth herein shall be determined to have been false or untrue in any material respect on the date made or given;

(e) the Lessee, SLX or the Operator shall consent to the appointment of a receiver, trustee or liquidator of itself or of any substantial part of its property, or shall make a general assignment for the benefit of creditors;

(f) the Lessee, SLX or the Operator shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization or liquidation in a proceeding under any bankruptcy laws (as now or hereafter in effect) or an answer admitting the material allegations of a petition filed against the Lessee, SLX or the Operator, as the case may be, in any such proceeding, or the Lessee, SLX or the Operator shall, by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other similar law providing for the reorganization or winding-up of corporations or for an agreement, composition, extension or adjustment with its creditors, or the Lessee, SLX or the Operator shall adopt a resolution of liquidation;

(g) an order, judgment or decree shall be entered in any proceeding before any court or agency of competent jurisdiction appointing, without the consent of the Lessee, SLX or the Operator, a receiver, trustee, or liquidator of the Lessee, SLX or the Operator or any substantial part of its property, or sequestering any substantial part of the property of the Lessee, SLX or the Operator, and any such order, judgment or decree or appointment or sequestration

shall remain in force, undismissed, unstayed or unvacated, for a period of ninety (90) days after the date of entry thereof;

(h) a petition against the Lessee, SLX or the Operator in a proceeding under applicable bankruptcy laws or other applicable insolvency laws, as now or hereafter in effect in any tribunal having jurisdiction over the property or assets of the Lessee, SLX or the Operator, shall be filed and shall not be withdrawn or dismissed within ninety (90) days thereafter, or if, under the provisions of any law providing for reorganization or winding-up of corporations, any court or agency of competent jurisdiction shall assume jurisdiction, custody or control of the Lessee, SLX or the Operator or of any substantial part of its property and such jurisdiction, custody or control shall remain in force, unrelinquished, unstayed or not terminated, for a period of ninety (90) days; and

(i) any proceeding similar to those referred to in subparagraphs (e), (f), (g) and (h) above for the relief of financially distressed debtors under the laws of any jurisdiction is entered into by the Lessee, SLX or the Operator voluntarily.

15.2. Remedies After Default. Upon the occurrence of any Event of Default after the delivery of the Units to the Lessee and the Operator as set forth herein and at any time thereafter so long as the same shall be continuing, the Lessor may, at its option, declare this Lease to be in default; and at any time thereafter, so long as the Lessee shall not have remedied all outstanding Events of Default, the Lessor shall do the following with respect to the Units, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect:

(a) the Lessor shall, by written notice to the Lessee specifying a purchase date which shall be at least twenty (20) Business Days from and including the date on which such notice is received by the Lessee, cause the Lessee to purchase, and the Lessee shall purchase or procure to be purchased, the Units from the Lessor on the purchase date specified in such notice at a price equal to the sum of (i) the Stipulated Loss Value for the Units as of such purchase date, (ii) any unpaid Rent due and payable on or prior to such payment date and (iii) any other amounts then due and payable by the Lessee hereunder; and upon receipt of payment of all amounts payable pursuant to this Section 15.2(a), the Lessor shall deliver to or upon the order of the Lessee a bill of sale for each such Unit executed by the Lessor providing for the sale and transfer to the Lessee of all of the Lessor's right, title and interest in and to such Units free and clear of all Lessor's Liens (but without any other recourse, representations or warranties), and such other documents as may reasonably be required in order to transfer to the Lessee such title to such Unit as the Lessor received upon acquiring such Unit, free and clear of all Lessor's Liens; and

(b) if the Lessee fails to pay all of the amounts pursuant to Section 15.2(a) above when due, the Lessor, by written notice to the Lessee specifying a payment date which shall be a Business Day not less than ten (10) days after the date of such notice, may cause the Lessee to pay to the Lessor, and the Lessee shall pay the Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Rent for the Units due and payable after such payment date), an amount equal to the aggregate of (i) the Stipulated Loss Value for the Units computed as of such payment date, (ii) any unpaid Rent due and payable on or prior to such payment date and (iii) any other amounts then due and payable by the Lessee hereunder less (x) any proceeds recovered by the Lessor through any remarketing of the Units after deducting all costs and expenses incurred by the Lessor in connection with such remarketing, or (y) if the Lessor has not remarketed the Units, the fair market sales value (computed as provided herein) of the Units on the payment date specified in such notice. The "fair market sales value" of the Units shall be as specified in an appraisal by a recognized independent locomotive appraiser, chosen by the Lessor and the Lessee, who shall determine such value on the basis of the actual location and condition of the Units. At any sale of the Units following the declaration of a default under this Section, the Lessor, the Lessee, or any assignee, successor or affiliates of the Lessor, may bid for and purchase the Units.

15.3. Return Following Default. If the Lessor shall have delivered to the Lessee the written notice described in Section 15.2(b):

(i) the Lessee shall, at the Lessee's expense, return the Units promptly to the order of the Lessor in accordance with the provisions of Section 18.2 hereof and shall further exercise its full and sincere efforts and extend its full and sincere cooperation in order to enable the Lessor to sell and/or re-lease the Units to a third party or parties if so requested by the Lessor; and

(ii) if the Lessee shall fail to return the Units pursuant to subparagraph (i), above, the Lessor, at its option, may enter upon the premises where the Units are located and take immediate possession of and remove the same by summary proceedings or otherwise all without liability accruing to the Lessor for or by reason of such entry or taking of possession, whether for restoration of damage to property caused by such taking or otherwise; provided that all actions of the Lessor in this respect are reasonable and necessary.

15.4. Exclusive Remedies. The remedies provided in this Article XV and Section 18.1 hereof shall be exclusive of, and the Lessor hereby irrevocably waives any other remedy with respect to

the Units available to the Lessor, whether at law, in equity or otherwise; provided, however, that this sentence shall not be construed so as to preclude the Lessor from bringing an action for damages against the Lessee for breach of the Lessee's obligations hereunder independent of the Lessor's actions with respect to the Units.

ARTICLE XVI. ASSIGNMENT; POSSESSION AND USE

16.1. Assignment; Transfer of Possession. (a) Except as otherwise provided in the Operative Documents, the Lessor may not assign this Lease or any of its rights, title or duties hereunder except with the prior written consent of the Lessee or as required by applicable law (after due consultation between the parties). The Lessee may not assign this Lease or any of its rights or duties hereunder without the prior written consent of the Lessor. This Lease shall be binding upon, and shall inure to the benefit of, and be enforceable by, the Lessee and the Lessor and their respective successors and permitted assigns.

(b) The Lessee shall not, without the prior written consent of the Lessor, sublease or otherwise in any manner deliver, transfer or relinquish or cause to be delivered, transferred or relinquished possession or control of any of the Units, except to the extent permitted by the provisions of this Section 16.1(b). So long as no Event of Default shall have occurred and be continuing, and so long as the action to be taken does not and will not contradict or contravene the Lessor's rights under this Lease, the Lessee may enter into an agreement, undertaking, understanding, instrument, document or arrangement with a third party in respect of any of the Units by way of sublease, agreement related to use or operation, conditional sale, security agreement or similar agreement whereunder the Lessee agrees to grant or make available to such third party the right to possess or use such Units or other rights or interests in respect of such Units; provided that the Lessee shall remain liable hereunder for the performance of all of its obligations hereunder as if such sublease or other agreement had not occurred and no such sublease or other agreement or other relinquishment of possession or control of any of the Units shall in any way discharge or diminish any of the Lessee's obligations to the Lessor hereunder.

16.2. Quiet Enjoyment. (a) So long as an Event of Default shall not have occurred and then be continuing under this Lease, the Lessee shall be entitled to the quiet enjoyment, possession and use of the Units in accordance with the terms of this Lease, and the Lessor, at all times throughout the Term, represents, warrants, covenants and undertakes that it has not sold and will not sell or otherwise transfer any of its right, title or interest in or to the Units or any part thereof, unless to the Lessee or to a designee of the Lessee or as otherwise provided for in Articles VI, XVI, XVII or XIX of this Lease or with the prior written consent of the Lessee. The Lessor

shall not directly or indirectly create, incur, assume or suffer to exist any Lien (each a "Lessor's Lien"), on or with respect to the Units or any part thereof, title thereto or any interest therein, other than those created or contemplated by this Lease or the other Operative Documents. Without limiting the foregoing, the Lessor represents, warrants and covenants that none of the Lender, its Affiliates, any Kumiai-in or such Kumiai-in's Affiliates has been granted or shall at any time have any Lien on or with respect to the Lessor's right, title or interest in or to the Units or any part thereof and that none of the Lender, its Affiliates, any Kumiai-in, or such Kumiai-in's Affiliates has or will at any time have the right or the authority to create or grant a Lien on the Lessor's rights, title or interest in or to the Units or any part thereof or any other assets of the Lessor.

(b) The Lessee agrees that it will, at its own expense, promptly cause to be duly discharged any lien, charge, security interest or other encumbrance (other than Lessor's Liens or Permitted Liens) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interests of the Lessor or the Lessee therein. For all purposes hereof, a Permitted Lien shall mean:

(i) The respective rights of the Lessor and the Lessee as herein provided;

(ii) The rights of others in respect of any Unit under agreements or arrangements expressly permitted or contemplated by the terms hereof and Liens in respect of such rights; and

(iii) Liens for Taxes either not yet due or being contested in good faith by appropriate proceedings so long as such proceedings do not involve any danger of the sale, forfeiture or loss of any Unit or interest therein; and materialmen's, mechanics', workmen's, repairmen's, employees' or other like liens arising in the ordinary course of business for the payment of amounts which are either not yet delinquent or are being contested in good faith by appropriate proceedings, so long as such proceedings do not involve any danger of the sale, forfeiture or loss of any Unit or interest therein.

16.3. Lessee Unwind Events. (a) Each of the following events shall constitute a Lessee Unwind Event:

(i) The Lessor or the Shareholder shall consent to the appointment of a receiver, trustee or liquidator of itself or of any substantial part of its property, or shall make a general assignment for the benefit of creditors; or

(ii) The Lessor or the Shareholder shall file a voluntary petition in bankruptcy or a voluntary petition or an answer

seeking reorganization or liquidation in a proceeding under any bankruptcy laws (as now or hereafter in effect) or an answer admitting the material allegations of a petition filed against the Lessor or the Shareholder, as the case may be, in any such proceeding, or the Lessor or the Shareholder shall, by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other similar law providing for the reorganization or winding-up of corporations or for an agreement, composition, extension or adjustment with its creditors, or the Lessor or the Shareholder shall adopt a resolution of liquidation; or

(iii) An order, judgment or decree shall be entered in any proceeding before any court or agency of competent jurisdiction appointing, without the consent of the Lessor or the Shareholder, a receiver, trustee, or liquidator of the Lessor or the Shareholder or any substantial part of its property, or sequestering any substantial part of its property, and any such order, judgment or decree or appointment or sequestration shall remain in force, undismissed, unstayed or unvacated, for a period of ninety (90) days after the date of entry thereof; or

(iv) A petition against the Lessor or the Shareholder in a proceeding under applicable bankruptcy laws or other applicable insolvency laws, as now or hereafter in effect in any tribunal having jurisdiction over the property or assets of the Lessor or the Shareholder, shall be filed and shall not be withdrawn or dismissed within ninety (90) days thereafter, or if, under the provisions of any law providing for reorganization or winding-up of corporations, any court or agency of competent jurisdiction shall assume jurisdiction, custody or control of the Lessor or the Shareholder or of any substantial part of its property and such jurisdiction, custody or control shall remain in force, unrelinquished, unstayed or not terminated, for a period of ninety (90) days; or

(v) Any proceeding similar to those referred to in subparagraphs (i), (ii), (iii) and (iv) above for the relief of financially distressed debtors under the laws of any jurisdiction is entered into by the Lessor or the Shareholder voluntarily; or

(vi) The Lessor shall fail to perform or observe any covenant, condition or agreement to be performed or observed by it hereunder, or any of its representations or warranties hereunder shall prove to be incorrect, and such failure or incorrectness materially adversely affects the Lessee's interest in the Units and continues for thirty (30) days after written notice thereof by the Lessee.

(b) In addition to the Lessee's right of termination of this Lease specified in Article XIX, upon the occurrence of a Lessee Unwind Event, the Lessee shall have such rights and may take such action as may be permitted under applicable law.

ARTICLE XVII. PURCHASE OPTIONS

17.1. Lessee Purchase Option. The Lessee shall have the right at its option, exercisable by irrevocable written notice to the Lessor given not less than two (2) months nor more than six (6) months prior to the final Rent Payment Date, to purchase (all, but not less than all) the Units on such date at a purchase price equal to the Residual Value, subject to the Lessee's payments of all other amounts (if any) then due and payable by the Lessee to the Lessor hereunder.

17.2. Sale upon Expiry of Term. (a) If the Lessee shall not elect to purchase the Units as contemplated by Section 17.1 above:

(i) during the two (2) month period prior to the expiration of the Term, the Lessor shall offer the Units for sale in a commercially reasonable manner by public auction or private sale (or otherwise) at the best price reasonably obtainable by the Lessor (with or without advertisement and with or without reserve), for cash or upon credit, in the Lessor's reasonable discretion, as soon as practicable following (but not on or prior to) the expiration of the Term. Any such sale may be held or conducted at such place and at such time as the Lessor may determine (by giving fifteen (15) days prior written notice thereof to the Lessee and the Lender), but so that the Lessee may and shall have a reasonable opportunity to bid at any such sale. The Lessor shall also give to the Lessee fifteen (15) days written notice prior to contracting for any sale of the Units. The Lessee may, at any time prior to the conclusion of the contract for sale referred to in such notice, purchase the Units by paying or causing to be paid to the Lessor the amount described in Section 17.1 above less any amounts paid pursuant to Section 17.2(a)(ii) below; and

(ii) the Lessee shall, on the final Rent Payment Date, pay to the Lessor an amount equivalent to the Residual Value (in order to cover any shortfall between the Net Sale Proceeds and the Residual Value).

(b) Upon the sale of the Units in accordance with the provisions of this Section 17.2, the Net Sale Proceeds shall be applied as follows and in the following order of priority:

(i) Firstly, in or towards the payment of any money (including, without limitation, all arrears of Rent, if any)

then due and owing hereunder to the Lessor by the Lessee at the date of receipt of the Net Sale Proceeds by the Lessor together with any interest due in respect thereof;

(ii) Secondly, to reimburse the Lessee for payment of the Residual Value pursuant to Section 17.2(a)(ii) above, but only to the extent that such Residual Value has not been applied to cover any shortfall between the Net Sales Proceeds and the Residual Value; and

(iii) Thirdly, any balance remaining shall be retained by the Lessor.

17.3. Lessor's Obligations. Upon any purchase of the Units upon termination of this Lease pursuant to Article XV, XVII or XIX hereof, and upon receipt by the Lessor of the required payment in accordance therewith, title to the Units in "as-is and where-is" condition, free and clear of Lessor's Liens (but without any other recourse, representations or warranties), shall contemporaneously and without further act vest in the Lessee and thereupon this Lease shall terminate and the Lessee's payment obligations shall cease, and the Lessor shall deliver to the Lessee forthwith a bill of sale for each Unit executed by the Lessor providing for the sale and transfer to Lessee of all of the Lessor's right, title and interest in and to the Units free and clear of all Lessor's Liens (but without any other recourse, representations or warranties), and such other documents as may reasonably be required in order to transfer to the Lessee such title to the Units as the Lessor received upon acquiring the Units, free and clear of all Lessor's Liens.

ARTICLE XVIII. RETURN OF UNITS

18.1. Redelivery. Within fifteen (15) days following the expiration of the Term, the Lessee shall (unless the Units are sold to the Lessee or shall have suffered a Casualty Occurrence), at its own cost and expense, at the request of the Lessor, assemble and deliver possession of any Units to the Lessor at such location on property of the Operator in Canada as the Lessor may reasonably designate and permit the Lessor to store the Units for a period not exceeding ninety (90) days. During any such storage period the Lessee shall permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of any Unit, to inspect the same; provided, however, that neither the Lessee nor the Operator shall be liable, except in the case of gross negligence of the Lessee or of its employees or agents, or of the Operator or its employees or agents, respectively, for any injury to, or the death of, any person exercising either on behalf of the Lessor or any prospective purchaser, lessee or user, the rights of inspection granted under this Section 18.1. The assembling, delivery, storage and transportation of the Units as hereinabove provided are of the essence of this Lease,

and upon application to any court having jurisdiction in the premises, the Lessor shall be entitled to a judgment, order or decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. Each Unit returned to the Lessor pursuant to this Section 18.1 shall be in a condition at least equal to that of the remainder of the fleet of locomotives of similar age and type maintained by the Operator, and in at least as good operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, and, at a minimum, in accordance with the Manufacturer's specifications and the minimum standards for operation as dictated by the National Transportation Agency and other Canadian governmental authorities having jurisdiction with respect thereto and/or Federal Railroad Administration rules. Further, the average time from the last major rebuild for the Units to be returned shall not be more than the average time since the last major rebuild for the remainder of the fleet of locomotives of similar age and type maintained by the Operator. Upon any return of a Unit to the Lessor under this Section 18.1, the Lessee shall arrange for the prompt conveyance, assignment and transfer of all the remaining Manufacturer's warranties in respect of such Unit to the Lessor.

18.2. Return Following Event of Default. If this Lease shall terminate pursuant to Section 15.2, the Lessee shall forthwith deliver possession of the Units to the Lessor, and the provisions of Section 18.1 shall apply in all respects, except that the period of storage to be provided by the Lessee at the Lessee's sole cost, expense and risk shall extend until the date all such Units have been sold, leased or otherwise disposed of by the Lessor. Without in any way limiting the obligation of the Lessee under the foregoing provisions hereof, the Lessee hereby irrevocably appoints the Lessor as its agent and attorney, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Unit.

ARTICLE XIX. EARLY TERMINATIONS.

19.1. (a) Lessee's Right of Termination. The Lessee shall have the right at any time, at its option, to terminate this Lease with respect to, and to purchase, all (but not less than all) of the Units upon not less than three (3) months' nor more than six (6) months' prior written notice to the Lessor specifying as the Termination Date any Rent Payment Date occurring at any time on or after March 31, 1996, upon payment on the date on which the Lease is terminated of the sum of (1) the Stipulated Loss Value on such Termination Date and (2) all other amounts (if any) due and payable by Lessee to Lessor on or prior to such Termination Date.

(b) If it shall become unlawful under the laws of Canada for the Lessee or the Lessor to lease, or maintain the leasing of, the Units and such illegality shall affect the ability of the Lessor or Lessee to maintain this Lease, then the Lease shall terminate automatically on the day preceding the date such illegality becomes effective, and the Lessee shall pay to the Lessor the amount equal to the Stipulated Loss Value as of such Termination Date, together with any other amounts then due and payable by the Lessee to the Lessor under this Lease and the other Operative Documents.

19.2. Unwind Value Terminations. Notwithstanding any other provision herein,

(i) in the event that by virtue of any change in, or introduction of, any applicable Japanese law, rule or regulation, or in the interpretation or administration thereof, by the governmental authority in charge after the date hereof, (A) it shall become unlawful under the laws of Japan for the Lessor to lease, or to maintain the leasing of, the Units to the Lessee hereunder or (B) the Lessor or any Kumiai-in shall not be allowed to take any deduction for depreciation of the Units or interest paid under the Loan Agreement or other costs and expenses incurred by the Lessor in the ordinary course of its business which it was assumed the Lessor or any Kumiai-in would take as a result of the transaction contemplated by this Lease and the other relevant Operative Documents or (C) any Kumiai-in shall not be allowed to include in its own tax return for any period the relevant share of the net profit or loss of the Lessor attributable to such period which it was assumed such party would include as a result of such transaction (and the Lessee elects not to indemnify the Lessor in respect thereof), then the Lessor may by fifteen (15) Business Days prior written notice to the Lessee terminate the Lease on the Termination Date specified in such notice, or

(ii) if the Lender accelerates the payment of the Loan Amount due to a default under Article 5 of the Loan Agreement other than a default which is occasioned by non-payment by the Lessor of any amount in relation to which a corresponding payment should have been, but was not, made by or on behalf of the Lessee under this Lease, then this Lease will automatically terminate on the date on which the outstanding loan balance under the Loan Agreement becomes due and payable, or

(iii) if for any reason whatsoever this Lease shall be terminated or cancelled in whole or in part by operation of Japanese law (except pursuant to the specific provisions of

this Lease), then this Lease shall automatically terminate on the date required by law, or

(iv) if any Lessee Unwind Event shall have occurred, then the Lessee may at any time thereafter terminate this Lease forthwith upon giving written notice to the Lessor;

and in each such case, the Lessee shall pay to the Lessor on the date on which the Lease is terminated the sum of (1) the Unwind Value on such date and (2) all unpaid sums (if any) due and payable by the Lessee to the Lessor on or prior to such Termination Date under this Lease.

19.3. Termination Value Terminations. (a) In the event that:

(i) the Lessee becomes liable to indemnify for any Taxes pursuant to Section 5.3, the Lessee may, by giving at least fifteen (15) Business Days prior written notice to the Lessor and the Lender, terminate this Lease on the day specified in such notice; or

(ii) for any reason whatsoever this Lease shall be terminated or cancelled in whole or part by operation of any law (other than any Japanese or Canadian law and except pursuant to the specific provisions of this Lease) then this Lease shall terminate on the date required by law;

and, in each such case, the Lessee shall pay to the Lessor on such day the sum of (1) the Termination Value on such Termination Date and (2) all other amounts (if any) due and payable by the Lessee to the Lessor under this Lease.

(b) Automatic Termination Upon Loan Acceleration. Notwithstanding any other provision herein, if the Lender accelerates the repayment of the Loan Amount (as defined in the Loan Agreement) pursuant to the Loan Agreement other than as set forth in Section 19.2 (ii) hereof, then the Lease shall terminate automatically on the same day as such repayment of the Loan Amount becomes due and payable under the Loan Agreement and the Lessee shall pay to the Lessor the amount equal to the Termination Value as of such Termination Date, together with any other amounts then due and payable by the Lessee to the Lessor under this Lease and the other Operative Documents.

(c) For the avoidance of doubt, and notwithstanding anything in this Lease to the contrary, the Lessor and Lessee agree that in no instance hereunder shall any Termination Value payment payable under this Lease exceed the Stipulated Loss Value payment which would otherwise have been payable as of and on the relevant payment date therefor.

19.4. Effect of Early Terminations. Upon payment in full of the amounts described in this Article XIX, as the case may be, title to the Units in "as-is and where-is" condition, free and clear of all Lessor Liens (but without any other recourse, representations or warranties) shall contemporaneously without further act vest in the Lessee and thereupon this Lease shall terminate and the Lessee's payment obligations shall cease and the Lessor shall deliver to the Lessee a bill of sale for each such Unit executed by the Lessor providing for the sale and transfer to Lessee of all of the Lessor's right, title and interest in and to the Units free and clear of all Lessor's Liens (but without any other recourse, representations or warranties), and such other documents as may reasonably be required in order to transfer to the Lessee such title to such Units as the Lessor received upon acquiring such Units, free and clear of all Lessor's Liens.

19.5. If the Lessee becomes liable to indemnify for any Taxes pursuant to Section 5.1 hereof in respect of property, use, consumption, value added or similar Taxes imposed by any government, taxing authority or governmental subdivision of any country (other than Japan, in respect of which Japanese Taxes the Lessee, while not in default hereunder, would have no obligation to indemnify the Lessor hereunder), the Lessee may by giving at least fifteen (15) Business Days prior written notice to the Lessor and the Lender, terminate this Lease on the day specified in such notice, and, in such case, shall pay to the Lessor on such day the sum of (1) the Stipulated Loss Value on such Termination Date and (2) all other amounts, if any, due and payable by the Lessee to the Lessor under this Lease.

ARTICLE XX. MILEAGE ALLOWANCE; SUBROGATION

20.1. Provided that no Event of Default has occurred hereunder and is continuing, the Lessee shall be entitled to (i) all mileage allowances and other similar moneys payable by reason of the use of the Units, and any such mileage allowances or other similar moneys received by the Lessor shall be forthwith remitted to the Lessee, and (ii) the proceeds of any claim or right of the Lessor or the Lessee against third persons for injury, damage or loss with respect to any Unit or the use or operation thereof, and the Lessee shall be subrogated to the extent of the Lessee's interest to all the Lessor's rights of recovery therefor against any other person, firm or corporation. The Lessor hereby authorizes the Lessee to make settlement of, receive payment and receipt for any and all such claims on behalf of the Lessor, and the Lessor agrees to execute and deliver from time to time such instruments and do such other acts and things as may be necessary or appropriate more fully to evidence the Lessee's authority and/or to vest in the Lessee such proceeds to the extent of the Lessee's interest therein or to effect such subrogation; and in the event of any loss, damage or destruction in respect of which the Lessee is entitled to proceeds or subrogation as aforesaid, the Lessor

shall refrain from doing any act or executing any instrument which would prejudice the right of the Lessee to such proceeds or to such subrogation.

ARTICLE XXI. FURTHER ASSURANCES

21.1. The Lessee and Lessor covenant and agree from time to time at their own respective expense to do all acts and execute all such instruments of further assurance as it shall be reasonably requested by the other to do or execute for the purpose of fully carrying out and effectuating this Lease and the intent hereof.

ARTICLE XXII. INTEREST ON ARREARS

22.1. Anything to the contrary herein contained notwithstanding, (i) any Arrears in Dollars shall bear interest at a rate per annum equal to twelve and thirty one-hundredths percent (12.3%) per annum (based on actual days elapsed and a year of three hundred and sixty (360) days) and (ii) any Arrears in Yen shall bear interest at a per annum rate of interest from time to time equal to one percent (1%) over the Japanese long-term prime rate of interest as quoted in Tokyo by The Industrial Bank of Japan Limited (based on actual days elapsed and a year of three hundred and sixty five (365) days), for the period of time during which they are overdue and shall be payable on demand.

22.2. Any rate of interest expressed or calculated under this Lease on the basis of a period of less than one (1) year is equivalent to the rate of interest so expressed or calculated divided by the number of days in such period and multiplied by the actual number of days in the year.

ARTICLE XXIII. NOTICES

23.1. Any notice or other communication to a party under the provisions of this Lease shall be in writing and may be delivered personally or sent by prepaid mail, telex or telecopier (with confirmation thereof by telephone) to the following mailing, telex or telecopier address, as applicable: (1) to the Lessor, DLX LEASING INTERNATIONAL CO., LTD., at 11-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100, Japan, Attention: Representative Director, Telex: 28619, Telecopier: 813-211-6497 and (2) to the Lessee, HEFRIBRU B.V., c/o Amsterdam-Rotterdam Bank N.V., Foppingadreef 20-22, 1102 BS, Amsterdam, The Netherlands, Attention: Managing Director, Telex: 12551, Telecopier: 31-20-286228. Any such notice or other communication if personally delivered or mailed or telecopied (with confirmation thereof by telephone), shall be deemed to have been given when received and, if telexed and the appropriate answerback received, shall be deemed received at the time that the answerback is received. Any party may from time to time notify the other in writing of a change of mailing, telex or telecopier address in the manner set

forth herein which thereafter, until changed by like notice, shall be the address of that party for all purposes of this Lease. The Lessor and Lessee agree promptly to provide copies of all notices sent hereunder to (i) the Operator at 935 de La Gauchetiere Street West, Montreal, Quebec, H3B 2M9, Canada, Attention: Treasurer, Telex: 055-61899 (CN FINANCE MTL), Telecopier: 514-399-8038, and (ii) SLX Canada Inc. at 1500 Bow Valley Square IV, 250 6th Avenue S.W., Calgary, Alberta, T2P 3H7, Canada, Attention: President, Telex: 03-825570, Telecopier: 403-264-1262 (any such notice by telecopier to be promptly confirmed by telephone).

ARTICLE XXIV. SEVERABILITY; EFFECT AND MODIFICATION OF LEASE.

24.1. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

24.2. Integration; Amendment. This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other prior agreements, oral or written with respect to the leasing of the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the parties hereto.

ARTICLE XXV. EXECUTION AND COUNTERPARTS.

This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and in such case such counterparts together shall constitute but one and the same instrument.

ARTICLE XXVI. GOVERNING LAW AND JURISDICTION.

This Lease shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. With respect to any suit, action or proceedings relating to this Lease, each of the parties hereby irrevocably submits to the non-exclusive jurisdiction of the courts of Ontario, Canada and the Tokyo District Court.

ARTICLE XXVII. EFFECTIVE DATE

This Lease and the obligations of the parties hereto shall be effective as and from the date first above written.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers as of the date first above written.

DLX LEASING INTERNATIONAL
CO., LTD.

By R. Matsumaya
Name: R. Matsumaya
Title: Attorney in fact

HEFRIBRU B.V.

By H. ERBE
Name: H. ERBE
Title: Attorney in fact

Schedule A to
Equipment Lease

DESCRIPTION OF UNITS

<u>EQUIPMENT TYPE</u>	<u>SPECIFICATIONS</u>	<u>CN'S ROAD NUMBERS (BOTH INCLUSIVE)</u>	<u>QUANTITY</u>
General Motors SD60F 3800 HP, Diesel Electric Locomotives	SD60F, 3800 HP, Diesel Electric Locomotives in accordance with the Manufacturer's Proposal DDL 1309 dated January 19, 1988, the Operator's letter dated December 7, 1987, the Manufacturer's Proposal letter dated January 19, 1988, the Operator's letter of March 10, 1988, revised March 16, 1988 and the Manufacturer's letter dated March 25, 1988.	CN5524 through CN5534, CN5536 through CN5538, CN5540	15

Schedule B to
Equipment Lease

RENT PAYMENT SCHEDULE

<u>Payment Date</u>	<u>RENTS</u>	
	<u>Dollar Rent (\$)</u>	<u>Yen Rent (¥)</u>
31-Mar-90	1,549,252.18	0
30-Sep-90	1,859,102.62	0
31-Mar-91	1,859,102.62	0
30-Sep-91	1,859,102.62	0
31-Mar-92	1,859,102.62	0
30-Sep-92	1,859,102.62	0
31-Mar-93	1,859,102.62	0
30-Sep-93	1,859,102.62	0
31-Mar-94	1,859,102.62	0
30-Sep-94	1,859,102.62	0
31-Mar-95	990,912.73	104,399,834
30-Sep-95	990,912.73	104,399,834
31-Mar-96	990,912.73	104,399,834
30-Sep-96	1,034,382.46	99,172,599
31-Mar-97	1,859,102.62	0
30-Sep-97	1,859,102.62	0
31-Mar-98	1,859,102.62	0
30-Sep-98	1,859,102.62	0
31-Mar-99	1,859,102.62	0
30-Sep-99	1,859,102.62	0
31-Mar-2000	1,859,102.62	0
30-Sep-2000	1,859,102.62	0
31-Mar-2001	1,859,102.62	0
30-Sep-2001	1,859,102.62	0
31-Mar-2002	1,459,924.54	48,001,163
30-Sep-2002	1,235,445.06	74,994,821
31-Mar-2003	1,052,627.56	96,978,626
30-Sep-2003	1,859,102.62	0
31-Oct-2003	309,850.44	0

LEASE SUPPLEMENT

LEASE SUPPLEMENT dated October 31, 1989, between HEFRIBRU B.V., a Netherlands corporation (the "Lessee") and DLX LEASING INTERNATIONAL CO., LTD., a Japanese corporation (the "Lessor").

The Lessor and the Lessee have heretofore entered into the Lease Agreement dated as of October 27, 1989 (the "Lease", the defined terms therein being hereinafter used with the same meaning) concerning the lease of locomotive Units described in Annex I hereto. The Lease provides for the execution and delivery of this Lease Supplement for the purpose of leasing the Units pursuant to the terms of the Lease.

NOW, THEREFORE, the Lessor and the Lessee hereby agree as follows:

1. The Lessor hereby delivers and leases to the Lessee under the Lease, and the Lessee hereby accepts and leases from the Lessor under the Lease, the Units.

2. The Lessee confirms to the Lessor that the Lessee has accepted the Units for all purposes hereof and of the Lease.

3. For purposes of the Lease, the Delivery Date shall be the date hereof.

4. For purposes of the Lease, the exchange rate applicable to the calculation of the Yen Equivalent amount is ¥120.25 = \$1.00.

5. This Lease Supplement shall be governed by, and construed in accordance with, the laws of Canada.

6. The Casualty Notice Date shall be February 28 of each year.

7. The Casualty Payment Date shall be March 31 of each year.

8. Attached hereto is a copy of the Acceptance Certificate of the Operator in respect of the lease between SLX and the Operator.

IN WITNESS WHEREOF, the duly authorized representatives of the parties hereto have executed this Lease Supplement as of the day and year first above written.

HEFRIBRU B.V.

By _____
Name:
Title:

DLX LEASING INTERNATIONAL
CO., LTD.

By _____
Name:
Title:

STIPULATED LOSS VALUE

1. Each payment of Stipulated Loss Value shall be computed as of the Delivery Date or such other date set forth below as is applicable and shall be payable (x) in the amount of Dollars listed in the table below opposite the Delivery Date or such other applicable date (the "Dollar Stipulated Loss Value"), and (y) in the amount of Yen listed in the table below opposite the Delivery Date or such other applicable date (the "Yen Stipulated Loss Value").

2. Stipulated Loss Value amounts are quoted exclusive of the Rent due on the relevant Rent Payment Dates included in the table below. Rent due on such Rent Payment Dates is payable in addition to the Stipulated Loss Values shown.

3. The Stipulated Loss Value amounts specified in this Schedule D are applicable only to the respective dates in relation to which they are specified. In the event that Stipulated Loss Value shall be required to be paid by the Lessee on a day (the "due date") which is not shown in the table below, then:

(a) the Dollar Stipulated Loss Value shall be an amount equal to the Dollar Stipulated Loss Value set forth opposite the date immediately preceding the date on which the Dollar Stipulated Loss Value has become due and payable together with interest thereon calculated from such immediately preceding date up to and excluding the due date at a rate of eleven and thirty one-hundredths percent (11.3%) per annum and calculated on a daily basis, on the basis of a three hundred and sixty (360) day year and the number of days elapsed; and

(b) the Yen Stipulated Loss Value shall be the aggregate of (i) the lesser of the Yen Stipulated Loss Value set forth opposite the date immediately preceding such due date and the Yen Stipulated Loss Value set forth opposite the date immediately succeeding such due date and (ii) the amount obtained by multiplying the difference of such two (2) Yen Stipulated Loss Values by a fraction, the numerator of which is (x) the number of days from such immediately preceding date up to and excluding such due date (if the Yen Stipulated Loss Value for such immediately preceding date is the lesser of the two (2) Yen Stipulated Loss Values) or (y) the number of days from such due date up to and excluding such immediately succeeding date (if the Yen Stipulated Loss Value for such immediately succeeding date is the lesser of the two (2) Yen Stipulated Loss Values), and the denominator of which is the number of days from such immediately preceding date up to and excluding such immediately succeeding date.

4. The Stipulated Loss Value applicable per Unit shall be the the amount (x) indicated in the table below opposite the applicable date or (y) calculated according to paragraph 3 above, as the case may be, in each case divided by fifteen (15). Following any payment of Stipulated Loss Value for a Unit, each amount shown in the table below shall be reduced by subtracting therefrom an amount equal to (i) the relevant amount specified above divided by fifteen (15), times (ii) the number of Units with respect to which such Stipulated Loss Value has been paid.

<u>Date</u>	<u>Dollar Portion of Stipulated Loss Value</u> \$	<u>Yen Portion of Stipulated Loss Value</u> ¥
31-Oct-89	23,955,780.00	792,187,700
31-Mar-90	23,534,445.80	830,144,715
30-Sep-90	23,005,039.37	832,349,743
31-Mar-91	22,445,721.47	871,181,469
30-Sep-91	21,854,802.12	874,884,235
31-Mar-92	21,230,495.82	909,476,157
30-Sep-92	20,570,916.21	898,797,567
31-Mar-93	19,874,070.36	930,757,078
30-Sep-93	19,137,852.72	910,645,062
31-Mar-94	18,360,038.78	940,695,220
30-Sep-94	17,538,278.36	915,026,290
31-Mar-95	17,538,278.36	839,516,070
30-Sep-95	17,538,278.36	703,847,710
31-Mar-96	17,538,278.36	621,302,427
30-Sep-96	17,494,808.62	484,717,966
31-Mar-97	16,624,162.69	499,768,514
30-Sep-97	15,704,325.27	460,735,449
31-Mar-98	14,732,517.03	475,041,337
30-Sep-98	13,705,801.62	439,101,959
31-Mar-99	12,621,076.80	452,736,125
30-Sep-99	11,475,065.02	421,561,219
31-Mar-2000	10,264,303.58	434,650,743
30-Sep-2000	8,985,134.11	409,818,690
31-Mar-2001	7,633,691.57	422,543,607
30-Sep-2001	6,205,892.52	405,620,926
31-Mar-2002	5,096,600.91	370,214,339
30-Sep-2002	4,149,113.80	286,328,970
31-Mar-2003	3,330,911.17	198,240,891
30-Sep-2003	1,660,005.03	194,860,351
31-Oct-2003	1,365,786.31	195,849,514

Note: Stipulated loss values exclude accrued rentals

TERMINATION VALUE

1. Each payment of Termination Value shall be computed as of the Delivery Date or such other date set forth below as is applicable and shall be payable (x) in the amount of Dollars listed in the table below opposite the Delivery Date or such other applicable date (the "Dollar Termination Value"), and (y) in the amount of Yen listed in the table below opposite the Delivery Date or such other applicable date (the "Yen Termination Value").

2. Termination Value amounts are quoted exclusive of the Rent due on the relevant Rent Payment Dates included in the table below. Rent due on such Rent Payment Dates is payable in addition to the Termination Values shown.

3. The Termination Value amounts specified in this Schedule E are applicable only to the respective dates in relation to which they are specified. In the event that Termination Value shall be required to be paid by the Lessee on a day (the "due date") which is not shown in the table below, then:

(a) the Dollar Termination Value shall be an amount equal to the Dollar Termination Value set forth opposite the date immediately preceding the date on which the Dollar Termination Value has become due and payable together with interest thereon calculated from such immediately preceding date up to and excluding the due date at a rate of eleven and thirty one-hundredths percent (11.3%) per annum and calculated on a daily basis, on the basis of a three hundred and sixty (360) day year and the number of days elapsed; and

(b) the Yen Termination Value shall be the aggregate of (i) the lesser of the Yen Termination Value set forth opposite the date immediately preceding such due date and the Yen Termination Value set forth opposite the date immediately succeeding such due date and (ii) the amount obtained by multiplying the difference of such two (2) Yen Termination Values by a fraction, the numerator of which is (x) the number of days from such immediately preceding date up to and excluding such due date (if the Yen Termination Value for such immediately preceding date is the lesser of the two (2) Yen Termination Values) or (y) the number of days from such due date up to and excluding such immediately succeeding date (if the Yen Termination Value for such immediately succeeding date is the lesser of the two (2) Yen Stipulated Loss Values), and the denominator of which is the number of days from such immediately preceding date up to and excluding such immediately succeeding date.

4. The Termination Value applicable per Unit shall be the the amount (x) indicated in the table below opposite the applicable date or (y) calculated according to paragraph 3 above, as the case may be, in each case divided by fifteen (15). Following any payment of Termination Value for a Unit, each amount shown in the table below shall be reduced by subtracting therefrom an amount equal to (i) the relevant amount specified above divided by fifteen (15), times (ii) the number of Units with respect to which such Stipulated Loss Value has been paid.

<u>Date</u>	<u>Dollar Portion of Termination Value</u> \$	<u>Yen Portion of Termination Value</u> ¥
31-Oct-89	23,955,780.00	720,170,636
31-Mar-90	23,534,445.80	735,430,296
30-Sep-90	23,005,039.37	754,129,891
31-Mar-91	22,445,721.47	773,304,955
30-Sep-91	21,854,802.12	792,967,579
31-Mar-92	21,230,495.82	813,130,160
30-Sep-92	20,570,916.21	833,805,409
31-Mar-93	19,874,070.36	855,006,362
30-Sep-93	19,137,852.72	876,746,387
31-Mar-94	18,360,038.78	899,039,189
30-Sep-94	17,538,278.36	915,026,290
31-Mar-95	17,538,278.36	839,516,070
30-Sep-95	17,538,278.36	703,847,710
31-Mar-96	17,538,278.36	621,302,427
30-Sep-96	17,494,808.62	484,717,966
31-Mar-97	16,624,162.69	499,768,514
30-Sep-97	15,704,325.27	460,735,449
31-Mar-98	14,732,517.03	475,041,337
30-Sep-98	13,705,801.62	439,101,959
31-Mar-99	12,621,076.80	452,736,125
30-Sep-99	11,475,065.02	421,561,219
31-Mar-2000	10,264,303.58	434,650,743
30-Sep-2000	8,985,134.11	409,818,690
31-Mar-2001	7,633,691.57	422,543,607
30-Sep-2001	6,205,892.52	405,620,926
31-Mar-2002	5,096,600.91	370,214,339
30-Sep-2002	4,149,113.80	286,328,970
31-Mar-2003	3,330,911.17	198,240,891
30-Sep-2003	1,660,005.03	194,860,351
31-Oct-2003	1,365,786.31	195,849,514

Note: Termination values exclude accrued rentals

UNWIND VALUE

1. Each payment of Unwind Value shall be computed as of the Delivery Date or such other date set forth below as is applicable and shall be payable (x) in the amount of Dollars listed in the table below opposite the Delivery Date or such other applicable date (the "Dollar Unwind Value"), and (y) in the amount of Yen listed in the table below opposite the Delivery Date or such other applicable date (the "Yen Unwind Value").

2. Unwind Value amounts are quoted exclusive of the Rent due on the relevant Rent Payment Dates included in the table below. Rent due on such Rent Payment Dates is payable in addition to the Unwind Values shown.

3. The Unwind Value amounts specified in this Schedule F are applicable only to the respective dates in relation to which they are specified. In the event that Unwind Value shall be required to be paid by the Lessee on a day (the "due date") which is not shown in the table below, then:

(a) the Dollar Unwind Value shall be an amount equal to the Dollar Unwind Value set forth opposite the date immediately preceding the date on which the Dollar Unwind Value has become due and payable together with interest thereon calculated from such immediately preceding date up to and excluding the due date at a rate of eleven and thirty one-hundredths percent (11.3%) per annum and calculated on a daily basis, on the basis of a three hundred and sixty (360) day year and the number of days elapsed; and

(b) the Yen Unwind Value shall be the aggregate of (i) the lesser of the Yen Unwind Value set forth opposite the date immediately preceding such due date and the Yen Unwind Value set forth opposite the date immediately succeeding such due date and (ii) the amount obtained by multiplying the difference of such two (2) Yen Unwind Values by a fraction, the numerator of which is (x) the number of days from such immediately preceding date up to and excluding such due date (if the Yen Unwind Value for such immediately preceding date is the lesser of the two (2) Yen Unwind Values) or (y) the number of days from such due date up to and excluding such immediately succeeding date (if the Yen Unwind Value for such immediately succeeding date is the lesser of the two (2) Yen Stipulated Loss Values), and the denominator of which is the number of days from such immediately preceding date up to and excluding such immediately succeeding date.

4. The Unwind Value applicable per Unit shall be the the amount (x) indicated in the table below opposite the applicable date or (y) calculated according to paragraph 3 above, as the case may be, in each case divided by fifteen (15). Following any payment of Unwind Value for a Unit, each amount shown in the table below shall be reduced by subtracting therefrom an amount equal to (i) the relevant amount specified above divided by fifteen (15), times (ii) the number of Units with respect to which such Stipulated Loss Value has been paid.

<u>Date</u>	<u>Dollar Portion of Unwind Value</u> \$	<u>Yen Portion of Unwind Value</u> ¥
31-Oct-89	23,955,780.00	514,120,378
31-Mar-90	23,534,445.80	525,014,049
30-Sep-90	23,005,039.37	538,363,445
31-Mar-91	22,445,721.47	552,052,272
30-Sep-91	21,854,802.12	566,089,162
31-Mar-92	21,230,495.82	580,482,964
30-Sep-92	20,570,916.21	595,242,753
31-Mar-93	19,874,070.36	610,377,836
30-Sep-93	19,137,852.72	625,897,755
31-Mar-94	18,360,038.78	641,812,294
30-Sep-94	17,538,278.36	658,131,488
31-Mar-95	17,538,278.36	570,465,792
30-Sep-95	17,538,278.36	480,571,043
31-Mar-96	17,538,278.36	388,390,564
30-Sep-96	17,494,808.62	299,093,471
31-Mar-97	16,624,162.69	306,698,443
30-Sep-97	15,704,325.27	314,496,785
31-Mar-98	14,732,517.03	322,493,413
30-Sep-98	13,705,801.62	330,693,369
31-Mar-99	12,621,076.80	339,101,823
30-Sep-99	11,475,065.02	347,724,077
31-Mar-2000	10,264,303.58	356,565,567
30-Sep-2000	8,985,134.11	365,631,867
31-Mar-2001	7,633,691.57	374,928,693
30-Sep-2001	6,205,892.52	384,461,907
31-Mar-2002	5,096,600.91	346,236,357
30-Sep-2002	4,149,113.80	280,045,198
31-Mar-2003	3,330,911.17	190,187,208
30-Sep-2003	1,660,005.03	195,023,048
31-Oct-2003	1,365,786.31	195,849,514

Note: Unwind values exclude accrued rentals

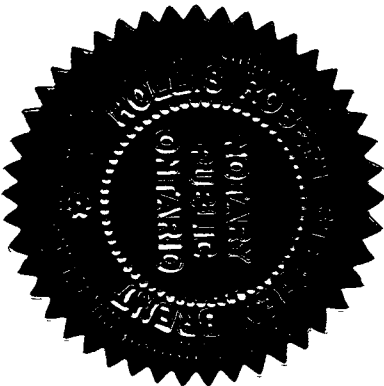
PROVINCE OF ONTARIO

CITY OF TORONTO

) In the matter of a lease of
) equipment between DLX Leasing
) International Co., Ltd. and
) Hefribru B.V. dated as of
) October 27, 1989.

On the 31st day of October, before me personally appeared Herman Erbe to me personally known, who, being by me duly sworn, said that he is the Attorney-in-fact of Hefribru B.V., that the foregoing instrument was signed on behalf of said Corporation by authority of its Board of Directors, that he signed the said instrument on October 27, 1989 on behalf of the said Corporation and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

DATED at Toronto, Ontario this 7th day of November, 1989.



HB^NOTARY3:VWBANK

W. Erbe
Notary Public in and for the
Province of Ontario

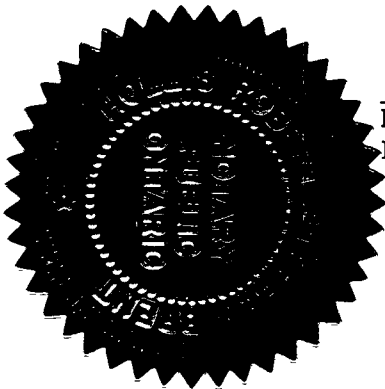
PROVINCE OF ONTARIO

CITY OF TORONTO

) In the matter of a lease of
) equipment between DLX Leasing
) International Co., Ltd. and
) Hefribru B.V. dated as of
) October 27, 1989

On the 31st day of October, before me personally appeared Ryo Matsunaga to me personally known, who, being by me duly sworn, said that he is the Attorney-in-fact of DLX Leasing International Co., Ltd. Canada Inc., that the foregoing instrument was signed on behalf of said Corporation by authority of its Board of Directors, that he signed the said instrument on October 27, 1989 on behalf of the said Corporation and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

DATED at Toronto, Ontario this 7th day of November, 1989.



Wesley
Notary Public in and for the
Province of Ontario

Interstate Commerce Commission
Washington, D.C. 20423

11/14/89

OFFICE OF THE SECRETARY

Patricia Schumacker
Legal Assistant
Itel Rail Corporation
55 Francisco St.
San Francisco, Calif. 94133

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/13/89 at 11:30am and assigned recordation number(s). 16602, 16602-A 6643-V & 15514-C

Sincerely yours,



Noreta R. McGee
Secretary

Enclosure(s)